

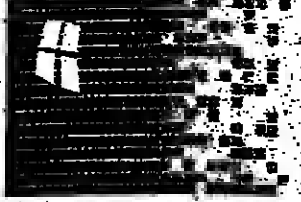
FINANCIAL TIMES



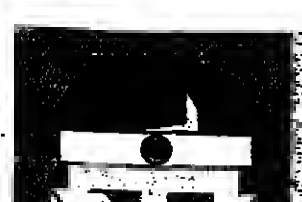
Point made a new...
In the fast lane



Inside the...
European Court



Europe's digital TV...
revolution



The salary man's...
search for a soul

World Business Newspaper MONDAY APRIL 3 1995 D8523A

Matsushita may sell part-stake in Hollywood venture

Japan's giant Matsushita group is considering selling part of MCA, the US entertainment business it acquired for \$6.1bn five years ago. The move by the world's biggest consumer electronics company is rethinking its costly invasion of Hollywood. Matsushita confirmed that it had recruited US financial advisers to value MCA. Page 17

Pro-American phone ruling likely: The US Justice Department is expected to recommend letting Ameritech enter the long-distance telephone market, which would make it the first "Baby Bell" regional telephone company to offer long distance services since AT&T's monopoly was ended in 1984. Page 4

Major leaves for US meeting with Clinton: British prime minister John Major flew to Washington last night for his first meeting with Bill Clinton since the US president's controversial decision to meet Sinn Féin leader Gerry Adams. The two men will be trying to resolve their differences over the Northern Ireland peace process and US calls for more sanctions on Libya. Page 16; Lake steers clear of the S-word, Page 7; Editorial comment, Page 15

Climate conference deadlocked: Important issues still divide participants at the UN conference on climate change as it enters its final week in Berlin. Page 16; Letters, Page 14

Bomb factory blows up: At least six people in a Gaza apartment building were killed and 30 wounded when bombs being made by Islamic militants blew up, Palestinian police said. Two of the victims are thought to have belonged to the fundamentalist Hamas movement.

Bosnian 'safe area' shelled: Serb tanks shelled the UN "safe area" of Bihac town and rebel Muslims and Serbs attacked Bihac Kladusa to the north. The ethnic war between mostly Muslim Bosnian government troops and separatist Bosnian Serbs began three years ago this week.

China set to curb foreign borrowing: Beijing plans to curb borrowing from international commercial banks to restrain the growth in foreign debt. Page 16; China eager to keep access to IDA soft loans, Page 6

Maurice Saatchi forms global links: UK advertising agent Maurice Saatchi has built himself a global network by signing a deal with Paris-based Publicis Communications, which already has US links. Page 17

UK publisher may draw foreign buyers: Foreign publishers keen on expanding in the UK may soon be looking closely at Macmillan, the UK's biggest independent publisher, which is likely to be put up for sale. Page 17

Spain to sell more of Repsol: The Spanish government has agreed to sell a bigger slice of its stake in oil, chemicals and gas group Repsol. Because of strong investor demand, it will now sell 19 per cent instead of 15 per cent. Page 20

US broker poised to bid for share dealers: US discount broker Charles Schwab is expected to launch an agreed bid this week for Sharelink Investment Services, the UK execution-only, phone-based share dealing service. Page 17

European monetary system: The gap between strongest and weakest currencies in the EMS widened again last week after the Bundesbank cut the German discount rate to 4 per cent. Belgium, Austria and the Netherlands also cut rates. The peseta's survival within the ERM is still uncertain. Currencies, Page 27

Crash engines found: Investigators in Romania recovered the engines from the wreckage of a Tarom Romanian Airlines Airbus 310 which crashed on Friday killing 60 people. The airline said one of the Pratt and Whitney PW4000 engines was particularly badly damaged. They were buried in the field where the airliner crashed.

Sect member had uranium paper: Japanese police investigating possible links between a secretive cult and a nerve gas attack on the Tokyo subway are reported to have found a document on uranium enrichment on one cult member.

Mafia calling cards: Sicily's Mafia left a severed goat's head and a cross on the doorstep of senior anti-Mafia prosecutor Ermanno Amelio.

EU and Canada agree outline of settlement in Newfoundland dispute Deal close over fishing rights

By Caroline Southey in Brussels

The European Union and Canada have agreed the outlines of a settlement to end the dispute over fishing rights in contested grounds off Newfoundland, an EU official said yesterday. Negotiators from the two sides continued talks last night in Brussels aimed at ending the deadlock over the allocation of a quota for Greenland halibut, also known as turbot, and tighter monitoring of trawlers fishing in the Grand Banks outside Canada's 200 nautical mile jurisdiction.

"We have reached agreement in principle on the main issues. The devil is in the detail and that is what they [the negotiators] are working on," an EU official said.

The Commission "could see light at the end of the tunnel but we are still not there".

In Ottawa, Mr Brian Tobin, Canada's fisheries minister, told Canadian Broadcasting Corporation radio that the talks were making "very good" progress. "I can't say whether or not we will conclude these talks this week but it is possible," he said.

Mr Tobin added that "the provocation and presence" of Spanish trawlers in the disputed fishing grounds was not helpful but that Canada's "priority was to get an effective enforcement conservation regime in place".

Mr Jacques Sauter, president of the European Commission, is today expected to meet Mrs Emma Bonino, EU commissioner

yet been agreed, the EU official said.

Spain had expressed fears that Commission negotiators would agree to the EU accepting a third of the quota this year. "I do not think it will be that low," an EU official said.

A share-out of the 27,000 tonnes quota set by Nafo has been at the centre of the dispute. Although Brussels accepted the overall quota limit, it rejected a Nafo decision to allocate 12.3 per cent to the EU and 75 per cent to Canada.

The EU accounted for 75 per cent of the 60,000 tonnes caught last year when no quota applied. Negotiators in Brussels also appeared to have reached broad agreement on a monitoring system which would entail using

observers on boats in the short-term and a greater reliance on satellite tracking in the longer term. Details on the phasing out of observers still had to be settled, the EU official said.

Canada also appeared to have agreed to review legislation passed in early March under which Canadian officials have justified taking action against trawlers operating in international waters.

The EU argued that Canadian action against trawlers outside the 200 nautical mile zone was illegal.

Canadian authorities have captured one Spanish trawler and cut the nets of another during the dispute.

Divided nation finds common enemy Page 2

for fisheries, and Sir Leon Brittan, the Commission's chief trade negotiator, to review progress in the negotiations.

After talks on Saturday, officials appeared to have made progress on agreeing a formula for the allocation of a 27,000 tonne quota set by the North-west Atlantic Fisheries Organisation (Nafo) for 1995.

Under the deal, the EU and Canada would each be allowed 40 per cent of next year's quota, which still has to be set. However, agreement on the precise share-out for this year had not

Airbus doubts market for 600-seat airliner

By Michael Skapinker, Aerospace Correspondent, in London

The prospect of airline passengers crossing the world in double-decker jets carrying more than 600 people has been dealt a blow by Mr Jean Pierson, managing director of Airbus Industrie. Mr Pierson said in an interview with the Financial Times that he did not think there was a large enough market to support an aircraft that size.

A joint study between the European manufacturing consortium and Boeing, its US rival, is due to report in June on whether a "super-jumbo" jet is feasible. Sir Colin Marshall, chairman of British Airways, said last week his company would be interested in buying such an aircraft. BA believes that a jet carrying more than 600 passengers would help to ease congestion at London's Heathrow airport, where the government has ruled out building a third runway.

However, Mr Pierson said BA and Singapore Airlines were the only carriers that had expressed enthusiasm for an aircraft that size. Singapore Airlines did not seem as interested as BA, he said. One or two airlines would not be sufficient to sustain a market for an aircraft this large, with its massive development costs.

No US carrier had shown more than "polite interest" in a larger aircraft, he said. US airlines appeared intent on offering a greater number of flights using smaller aircraft. Mr Pierson said he believed the aircraft industry had moved "from big is beautiful to smaller is better".

Mr Pierson's scepticism comes in spite of an Airbus study last month saying airlines would buy 860 aircraft with more than 600 seats over the next 20 years. Mr Pierson said that market could be satisfied with existing aircraft, such as the 400-seat Boeing 747 or the 350-seat Airbus A340, or enlarged versions of them.

Mr Pierson said that, even if Airbus and Boeing decided there was a market for a larger aircraft, he did not know if the two

Continued on Page 16 Athens airport storm, Page 2

Crédit Lyonnais provisions of \$3.6bn forecast

By Andrew Jack in Paris

Crédit Lyonnais, the loss-making bank controlled by the French state, is expected to announce higher than expected provisions of about FF18bn (\$3.6bn) for 1994 when it publishes its full year results on Wednesday.

The bank is also expected to announce exceptional charges of FF13.5bn in write-offs against goodwill from European acquisitions made in recent years.

The bank will report a FF12bn loss for 1994, almost twice the level that had been expected until the last few weeks.

The new losses come on top of a 1994 first half loss of FF4.5bn, and FF10bn in provisions, and a 1993 loss of FF6.9bn and provisions of FF17bn.

The goodwill write-offs will reflect Crédit Lyonnais's purchases of banks across Europe while it was attempting to expand its retail network outside France.

A high proportion will come from its loss-making operations in Spain and Portugal, which will be subject to intense restructuring over the next few months.

The additional provisions against doubtful loans had to be made since December after the bank's auditors began to examine the coverage made against its doubtful property and other loans.

The figures will revive controversy as Crédit Lyonnais and the French government try to ensure that a restructuring package announced last month to save the bank goes through as planned.

About FF135bn in assets of Crédit Lyonnais have been removed from its balance sheet under the plan and will be sold off over a number of years, in an operation expected to generate an eventual capital loss of up to FF150bn.

The package has been underwritten by the French state, in a way that has caused considerable criticism from politicians and leading private sector banking rivals.

Société Générale and Banque Nationale de Paris have both suggested that the plan should be modified in order to reduce the potential cost to the French taxpayer.

They also criticised the fact that CDR, the vehicle into which the bank's assets are placed before sale under the plan, will be managed by Crédit Lyonnais, and that therefore the sale will not be independent.

However, it has also emerged that Crédit Lyonnais will receive a commission from its management of CDR on any sales of the

Continued on Page 16

Balladur narrows the gap in presidential race



French prime minister and presidential candidate Edouard Balladur (right) arrives at the northwestern French town of Mont-Saint-Michel with his mayor Eric Vannier during a campaign tour. A new poll showed that support for Jacques Chirac had slipped to 24.5 per cent, with Lionel Jospin, the Socialist, remaining on 22 per cent and Mr Balladur gaining a point and a half to reach 20.5. Report, Page 2

Central banks keep anxious watch on course of dollar

By Robert Chote, Economics Correspondent, in London

Central banks will be watching anxiously to see if the dollar plunges new depths on the foreign exchanges this week, after the support provided by Thursday's cut in German interest rates evaporated within 24 hours.

The danger that the pound will be dragged down in the dollar's wake is likely to dominate Wednesday's meeting between Britain's chancellor of the exchequer and the governor of the Bank of England to discuss British interest rates.

Most analysts expect UK base rates to remain unchanged for now, as the Treasury and the Bank are not yet sure that the fall in the pound since February's rate rise will endure. But some believe that the authorities may try to emulate the Bundesbank by surprising the markets.

The US currency fell to a new post-war low against the Japanese yen on Friday, ending the week's trading in New York at ¥86.60. Against the D-Mark it closed at DM1.3740, having reversed the short-lived rally triggered by the German rate cut.

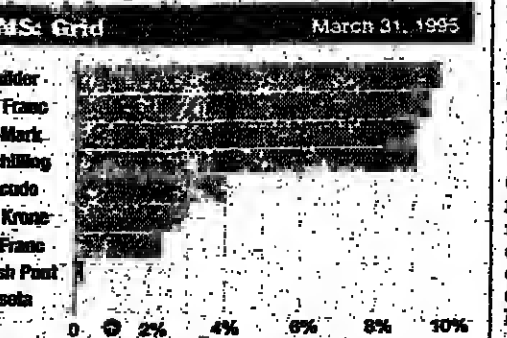
Most analysts expect the dollar's plight to get worse before it

gets better. A report from James Capel says today that the dollar is in long-term decline, heading below ¥70 and DM1.15. This is blamed on a combination of excessive government borrowing and inadequate personal saving in the US. Dr Paul Chertkow, currency analyst at UBS, also agrees: "In the absence of a cut in the Bank of Japan's official discount rate, there is a risk of successive new lows for the dollar against the yen."

Mr Keith Skroch, James Capel's chief economist, said that with the dollar likely to be weak in the medium term, sterling would be caught in the backwash. "This means the authorities should be running a tough monetary policy in the medium term." He said central banks would be worried that 1996 would see political uncertainty undermining sterling and the dollar.

Prospects for the dollar and the pound also depend on whether the markets are acting in anticipation of the next move in German rates being upward, or whether there will be further fall-out when the Bundesbank actually starts raising rates.

Lex, Page 16 Currencies, Page 27



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies can fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a narrow 2.25 per cent band.

Crash engines found: Investigators in Romania recovered the engines from the wreckage of a Tarom Romanian Airlines Airbus 310 which crashed on Friday killing 60 people. The airline said one of the Pratt and Whitney PW4000 engines was particularly badly damaged. They were buried in the field where the airliner crashed.

Sect member had uranium paper: Japanese police investigating possible links between a secretive cult and a nerve gas attack on the Tokyo subway are reported to have found a document on uranium enrichment on one cult member.

Mafia calling cards: Sicily's Mafia left a severed goat's head and a cross on the doorstep of senior anti-Mafia prosecutor Ermanno Amelio.

Country	City	Exchange Rate
Austria	Schilling	13.7603
Belgium	Franc	20.3606
Denmark	Krone	6.5596
France	Franc	100
Germany	Mark	166.355
Greece	Drachma	200
Italy	Lira	200
Japan	Yen	161
Netherlands	Guilder	2.20371
Portugal	Escudo	200
Spain	Peseta	166.639
Sweden	Krona	100
Switzerland	Franc	7.46033
UK	Pound	1
US	Dollar	1

Section	Page
Business	1
Markets	2
World	3
US	4
UK	5
Europe	6
Asia	7
Africa	8
Oceania	9
Special Reports	10
Opinion	11
Letters	12
Index	13

OMEGA

THE LINK BETWEEN THE PAST AND THE FUTURE

Omega De Ville.
Hand-winding mechanical movement with small seconds hand.
Model in 18 k gold.
Swiss made since 1848.

OMEGA
The sign of excellence

INTERNATIONAL NEWS DIGEST

Exxon may take Azeri oil stake

Azerbaijan is set to offer Exxon, the US oil company, a 5 per cent stake in an international consortium to explore its Caspian Sea oil fields, western industry sources confirmed yesterday. The prospect will boost the consortium, which has been held up by political turmoil and the Azeri government's inability to finance its stake.

The government has been looking for an investor interested in taking at least part of the state's 20 per cent stake. It is believed to have offered the Turkish Petroleum Corporation, which has a 1.75 per cent stake, an additional 5 per cent but the deal has not yet been concluded. "Any development which allows Azerbaijan to fund its share is a positive development for the consortium," a western oil source said yesterday. He said there appeared no reason for the consortium to reject Exxon's participation.

Since an attempted coup was crushed on March 17 President Heydar Aliyev has restored authority by arresting as many as 400 opponents. Members of the opposition, the elite police force which launched the revolt, have been the target of the crackdown but activists from the People's Front, the main political opposition group, have also been arrested and opposition newspapers censored. *Christina Freeland, Moscow*

Split remains on Mideast bank

European and Middle Eastern states failed to overcome divisions yesterday over creation of a Middle East Development Bank aimed at cementing regional peace and funding large infrastructure projects. Israeli officials attending a task force meeting in Amman on creating a regional bank said France, Germany and Britain had voiced opposition to the project, which was endorsed by last year's Middle East Economic Summit at Casablanca.

The officials said in a paper presented on behalf of the European Union, but drawn up by the French finance ministry, that the EU had proposed creation of a financial intermediation organisation as an alternative to a regional development bank. Saudi Arabia also renewed its opposition, saying existing regional financial institutions such as the Arab fund for economic development were capable of meeting needs. However, Italy, Greece, the Netherlands, the US and Japan have strongly backed the bank. *Julian O'Connor, Amman*

China focuses on steel exports

China plans a big increase in exports of rolled steel this year to reduce its stockpile which stood at 30m tonnes at the beginning of the year. The Ministry of Metallurgical Industry has set as a target 5m tonnes of exports in 1994 compared with 3.7m tonnes last year. This would represent an increase of about 25 per cent. A ministry official was quoted by the official China Daily as saying exports of 5m tonnes would earn the industry about \$1.3bn. Steelmakers have suffered a marked slowdown in domestic demand through a credit squeeze instituted in 1993 in an attempt to cool an overheating economy. Exports of rolled steel amounted last year to 4.5 per cent of production, which is low by international standards.

Osram, the German lighting manufacturer, has established a \$50m (40.5m) joint venture in China's southern Guangdong province to serve the domestic and international market. Partners include Osram with 55 per cent, the local Foshan Lighting with 25 per cent and Hong Kong interests. *Tony Walker, Beijing*

Delay likely to baseball season

The 26 baseball team owners in the US dismissed the replacements they had hired to stand in for their striking players and were expected, at a meeting in Chicago yesterday, to postpone the start of the season until April 26. This followed Friday's court decision ordering them to reinstate the terms of an expired collective bargaining agreement. The three-week delay gives players a chance to resume training.

The strike began more than seven months ago, killing half of last season and forcing the cancellation of the World Series national championship for the first time. Although Judge Sonia Sotomayor's ruling in theory left owners the option of locking out their players and continuing with stand-ins, it was thought unlikely that the necessary three-quarters of teams would vote for a lock-out. *George Graham, Washington*

New leader for Polish party



The Freedom Union (UW), Poland's leading opposition party, has elected Mr Leszek Balcerowicz (left), the former finance minister responsible for the successful introduction of free market reforms in 1990, as its new leader at a congress over the weekend. The vote marks the end of the political career of Mr Tadeusz Mazowiecki, a former prime minister who has led the UW since it was founded in 1981 and in whose government Mr Balcerowicz served. Mr Balcerowicz left government at the end of 1991 to return to academia and the decision to stand for leadership of the UW marks his first foray into party politics.

The UW voted to back Mr Jacek Kuron, a former labour minister under Mr Mazowiecki, as its candidate against President Lech Walesa in presidential elections due in the late autumn. The choices by the UW mark an effort to recreate the successful alliance of Poland's early economic reforms when Mr Balcerowicz implemented shock therapy and Mr Kuron sought to ameliorate the effects at the labour ministry. *Christopher Robinson, Warsaw*

Austrian newcomer appointed

Austrian Chancellor Franz Vranitzky has appointed Mr Andreas Sparbacher, a 38-year-old partner of an accounting firm, as finance minister. Mr Sparbacher, son of a former trade union leader and trade minister, will succeed Mr Ferdinand Laczna, who resigned last week. His appointment came as a surprise, as he is a newcomer to politics. His firm has done accounting work for the governing Social Democratic party, of which Mr Sparbacher is also a member. Mr Laczna was driven out of office by a dispute with the trade unions which opposed his latest austerity budget.

Mr Vranitzky presented the appointment of Mr Sparbacher and three other ministers as a generational change after four senior Social Democratic ministers quit last week. The new interior minister is Mr Caspar Kinzler and Mr Franz Emswiler becomes social affairs minister. The Women's Affairs Ministry will be led by Ms Helga Konrad. *Eric Frey, Vienna*

Building machinery perks up

Sales of construction equipment in western Europe rose 14 per cent last year to 106,622 units, ending four consecutive years of decline, according to a report by the London-based Off-Highway Research consultancy. But it warned that much of the demand predicted for this year had probably been pulled forward into 1994. As a result it is predicting a 1 per cent fall in demand in western Europe for 1995.

Last year was the best for construction equipment producers since 1989, when they sold a record 107,000 machines in western Europe. By 1993, sales had fallen to 88,119 units, says the consultancy. This year the German and UK markets, which together accounted for 58 per cent of European demand in 1994, are both expected to fall by 7 per cent, but Off-Highway says this is more a "cooling off" of overheated markets rather than a dangerous downturn. The report comes as equipment producers gather for Bauma, the world's biggest construction equipment show, which opens in Munich today and runs until Sunday. *Andrew Baxter, London*

Hot on the trail of the EU fraudsters



Big Sister is watching you: this is the message Mrs Anita Gradin wants to convey to anyone thinking of defrauding the European Union's Ecu81bn (£66bn) annual budget.

The new EU commissioner responsible for the fight against fraud is today taking to Dutch justice and finance ministers in The Hague and on Friday she is seeing their Greek counterparts in Athens. Last week she was in London and Stockholm.

On all these visits - which follow trips in recent weeks to Bonn, Paris, Madrid, Vienna and Luxembourg - Mrs Gradin is signalling to ministers in EU governments her determination to crack down on fraud and other financial irregularities which are thought to drain between 2 per cent and 10 per cent of total EU spending.

Mrs Gradin, a tough-talking 61-year-old, spent nine years as a Social Democrat minister in the Swedish government and in January became one of the new crop of commissioners taking office with Mr Jacques Santer, the new EU president.

Her whirlwind tour of Europe - she wants to visit all EU member capitals in her first few months of office - is part of her bid to raise the temperature of the anti-fraud effort. "It is about gaining voters' confidence," she said. "You have to demonstrate you are spending their money carefully."

Anita Gradin tells Peter Marsh of a campaign against cheats



Gradin: the mind acquired as a journalist

Last week in Brussels she presented a report saying detected EU fraud doubled last year to more than Ecu1m. She put a positive gloss on this, however, saying the higher figure reflected stronger action to root out abuse.

A vital aspect to her task, she said, was for the European Commission to build up a greater presence in the EU's 15 member states - which is where 80 per cent of the Union's budget is spent and most fraud occurs. Examples range from bogus companies taking advantage of EU training grants to traders falsifying customs documents to qualify for farm subsidies on non-existent products.

Asked if increased Commission surveillance might offend some governments and their citizens, Mrs Gradin said: "Everyone is aware that you have to do this kind of work. I think the governments are fairly positive about the Commission's anti-fraud plans." Warning to her theme, she said she would not object to being called "Big Sister". She said: "I want to say to fraudsters that we will be watching you. You won't get away."

Although her previous jobs Mrs Gradin has not had direct experience of fighting crime, she said she has some useful characteristics to bring to her EU post - which includes responsibility over legal affairs and immigration.

One is an inquiring mind born of her early career as a journalist on the *Vasterbottens Folkblad*, a newspaper in Umea, northern Sweden. Her spell in journalism lasted 10 years, a background she considers valuable because it "taught me how to find things out and handle paperwork".

Moving into politics, Mrs Gradin spent five years as Sweden's minister for foreign trade. Between 1991 and 1994 she was ambassador to Austria. She reckons she has the ability to master complex organi-

national structures, as in the Commission where for much of the time she delegates responsibility for fighting fraud to Mr Per Brix Knudsen, a former Danish customs official who is head of the EU's 100-strong Uclaf anti-fraud squad. She said Mr Knudsen had been "very clever" over the past two years in building up a solid team composed partly of ex-police officers who have experience of working across Europe.

Mrs Gradin is also co-operating with a third Scandinavian - Mr Erkki Liikanen, the EU's Finnish budget commissioner - with whom she has been talking about how to impose more of a "value for money" culture on Brussels to close some of the loopholes enabling fraud and other financial irregularities to flourish.

In spite of her hush-hush approach, Mrs Gradin does not underestimate the difficulties. Part of the problem is the highly organised, international nature of some of the criminal gangs capitalising on loose EU rules for financial gain. "Increasingly we are seeing [EU] fraud spanning borders. It's not just individuals."

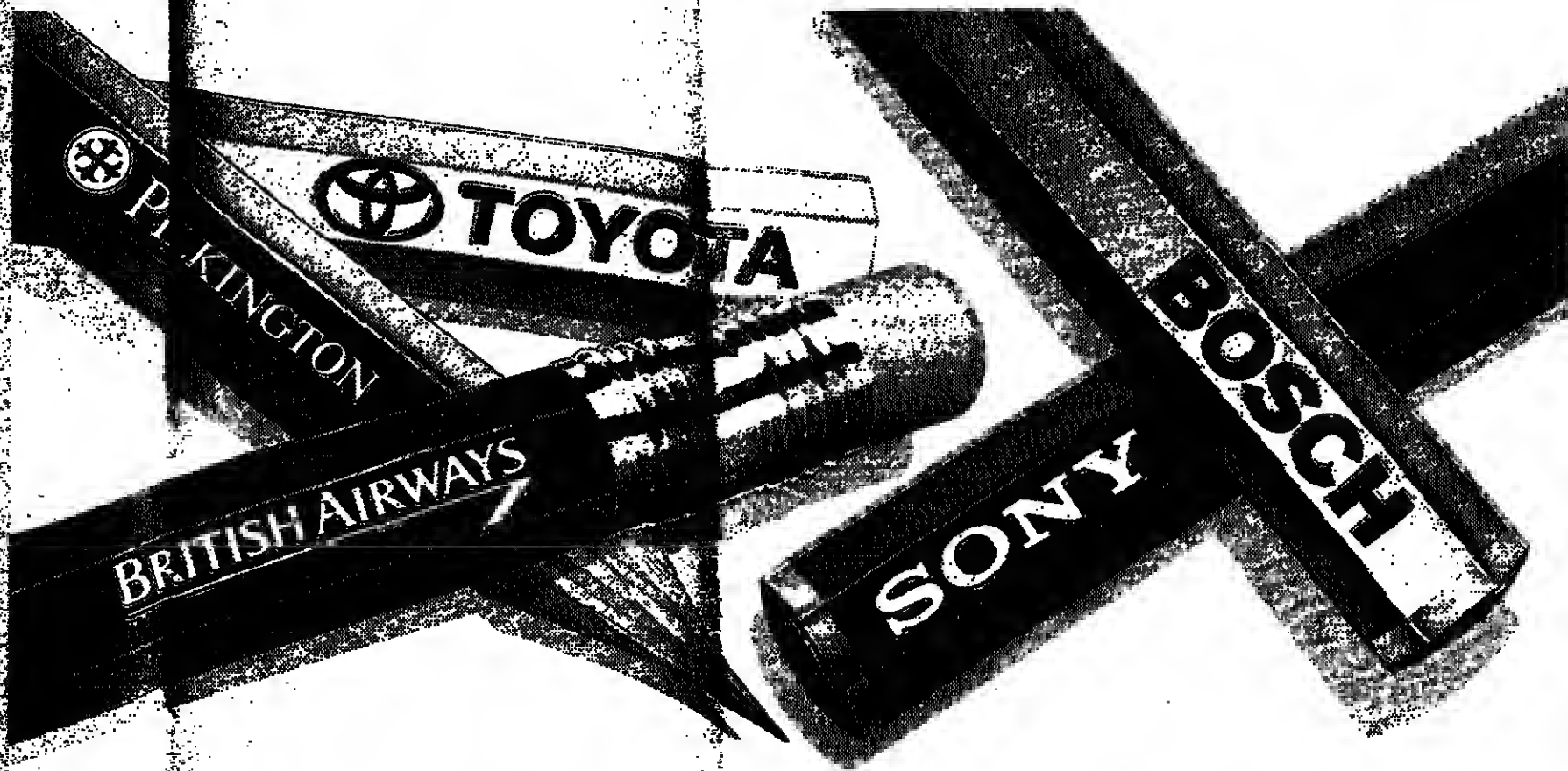
Another problem is forcing the different judicial agencies in EU member states to co-operate more. It can sometimes take weeks, if not months, for individual agencies to pass on details relating to suspected fraudsters. The delays can hamper the fight to build up evidence to be used in a court.

Mrs Gradin's immersion into the Brussels bureaucracy has been accompanied by personal hiccups. During hearings at the European parliament in Strasbourg in January she was given a poor reception by some MEPs. Along with four other new commissioners, she was later criticised for giving vague answers and not being in full command of her subject.

However, one European government official who has been impressed by Mrs Gradin said: "She got a rough ride from some MEPs because she didn't bow and scrape in the way they expected. A lack of deference seems to me the approach you would want from someone doing her job."

But, perhaps mindful of the risk of antagonising specific groups of people, Mrs Gradin ducked the question of whether fraud and financial waste were more prevalent in certain EU states. Insisting she was not "hanging out" for any particular nations, she chose to portray fraud as a general indication of human fallibility. "Did you ever cheat on your parents?" she asked. "In some areas [of EU activities] fraud is part of life. My goal is to change this."

SO MANY COMPANIES FIND WALES HAS SUCCESS WRITTEN ALL OVER IT.



The something seems to happen to companies who move to Wales. They grow. Multinationals like Sony, Pilkington, British Airways, Bosch, Toyota and a host of smaller companies are all now bigger companies. It happens for a combination of reasons. The development opportunities in Wales, the first class communications, the skilled, adaptable workforce and the advice and assistance of the



THE WELSH ADVANTAGE

Welsh Development Agency. Move to Wales and we'll do everything to help your company grow. To find out how we can help your business grow in Wales, post or fax your business card to us on +44 1222 345615 at the International Division, Welsh Development Agency, Pearl House, Greyfriars Road, Cardiff, CF1 3XX, UK. Alternatively you can telephone our Customer Services Team on +44 1222 828820.

Ameritech applies to offer long-distance services

'Baby Bell' ambition may win backing

By George Graham in Washington

The US Justice Department is expected today to recommend allowing one of the "Baby Bell" regional telephone companies into the long-distance telephone market for the first time since Judge Harold Greene broke up the AT&T monopoly in 1984.

Antitrust officials from the Justice Department are expected to back Ameritech, the Bell company which serves the Midwest region, when it asks Judge Greene to let it offer long-distance services in Chicago and some other markets where it has opened up to local competition in the telephone market.

Judge Greene still oversees the application of his "Modified Final Judgment", which broke up the old AT&T into seven Baby Bells, restricted to providing local telephone service, and a new AT&T, limited to long-distance.

The limits imposed on the Baby Bells have been steadily modified by a series of court decisions allowing them into

areas such as cable television, and the Senate is pressing ahead with telecommunications legislation that would supersede the 1984 Greene judgment and allow local, long-distance, cable and utility companies into one another's markets.

But Judge Greene has generally been reluctant to relax the restrictions he imposed on the Bells.

The agreement negotiated between Ameritech and the Justice Department would require the Baby Bell to meet a set of criteria designed to prove that it would not use its dominance of the local telephone market to beat down its competitors.

If Congress passes a telecommunications law the agreement would become irrelevant, as the Bells would then be allowed to offer long-distance services if they meet a much less restrictive set of competition criteria.

But if such legislation fails, as it did in the last session of Congress, Ameritech could have stolen a march on its rivals.

ANC turns down plea to guarantee coalition rule

By Michael Holman and Roger Matthews in Johannesburg

The African National Congress yesterday refused to entrench the principle of a coalition government in South Africa's final constitution.

Mr Cyril Ramaphosa, the ANC secretary general, bluntly rejected a call from the National party, its junior coalition partner, to institutionalise the present system. He told delegates on the final day of the party's two-day conference on constitutional policy: "There will be no coalition rule beyond 1999", when the next general election is scheduled.

The National party, led by former president F.W. de Klerk, "can eat their heart out", he said. "We want a fully blown democracy in which the majority party forms the government."

However, he took a more cautious stance on the controversial issue of the powers to be delegated to provincial governments, and the delegates appeared to leave open the possibility of further discussion over the precise powers of provincial assemblies, which is at the heart of a row with Zulu leader Chief Mangosuthu Buthe.

Chief Buthe, whose Inkatha Freedom party controls the mainly Zulu Natal parliament, insists South Africa's final constitution give the nine provincial governments significant powers.

He has threatened to walk out of the full constituent

assembly when it meets on Wednesday, unless the ANC upholds its previous pledge to bring in foreign arbitrators to arbitrate on Inkatha's demands for provincial autonomy.

At the end of the conference, Mr Ramaphosa told delegates: "The divide in opinion over a federal or central government

National party 'can eat their heart out', said Ramaphosa

was not manifest within the ANC. Delegates backed a stance that the country should not be fragmented. We believe that our proposals really should finally resolve this debate between federalism and unitarism so that our country is not fragmented in any way and provinces cannot set up as fiefdoms."

His comments, however, seemed less hardline than a policy document which had been circulated before the conference. The initial ANC opposition to the concept partly stemmed from fears that Chief Buthe would seek to make Natal an autonomous province, but the ANC has since had to take into account support for the provincial government within its own ranks.

ANC regional leaders have become reluctant to cede authority to the central government, and delegates at the conference yesterday stopped short of making a definitive statement on the issue.

The ANC discussion paper,

however, had come down on the side of greater central government control over the provinces. Precise central powers in this area were never defined during the constitutional talks that paved the way for last year's all-race elections. This was left to the elected national assembly, which has until June 1996 to finalise the constitution.

The ANC document envisages a constitution which emphasises the role of the national assembly as a law-making body, while the main task of the provincial assemblies would be to implement central government policy.

"To try and specify lists of provincial exclusive legislative powers dealing with matters of national concern for the provinces is a fruitless exercise," the document says.

But the tone of the document is revealing, stating for example: "Autonomy [of the provinces] for its own sake, is stressed rather than effective government." In another passage, the document says: "Provincial and local government autonomy is not a self-evident virtue." The current framework, says the document, "is conducive to tensions between region and region, and between regions and parliament and the executive."

Part of the ANC case for stronger powers at the centre is the argument that efficient implementation of the country's Reconstruction and Development Plan requires a strong and efficient central government.

'Overwhelming' influx straining resources

Tanzania shuts out refugees fleeing Burundi

By Michael Wright in Nairobi

Tanzania yesterday refused to open its borders to an estimated 35,000 Rwandan refugees fleeing ethnic strife in Burundi, saying it would not be able to feed a new influx and appealing to the international community to organise a systematic repatriation.

The government, which closed the border on Friday as frightened refugees poured out of a camp in northern Burundi and headed for Tanzania, said it was already "overwhelmed" by the existing refugee situation, which was straining resources and undermining national security.

"Tanzania is unable to receive any more refugees," Mr Cleopha Mwa, prime minister, was quoted as saying. "It is up to [neighbouring] Rwanda to give guarantees regarding their security."

Tanzania already hosts around 700,000 Hutus, including many officials of the former Rwandan regime who fled into exile as the Tutsi-led Rwandan Patriotic Front swept to victory last July. Aid organisations in the camps were recently forced to cut rations to the minimum daily requirement as food supplies began to run out.

The latest mass movement, originating from the Magara camp in northern Burundi, came after 13 refugees in a neighbouring camp were killed by unidentified gunmen.

As the 6th anniversary of the anniversary of the day an aircraft carrying the presidents of Burundi and Rwanda was shot down - relations between the majority Hutu and minority Tutsi community in Burundi have deteriorated sharply, with up to 200 people having been killed in the last week.

Aid officials said the influx of refugees now appeared to be stabilising.

Some 40,000 refugees from



A Rwandan Hutu refugee carries her one-day-old son - born by the road as she was heading for Tanzania - in a Burundi camp at the weekend.

Magara were sleeping rough at the halfway point between the town of Ngazi and the Tanzanian border, but up to 15,000 refugees had agreed to return to two smaller camps, said Mr Paul Stromberg of the United Nations High Commissioner for Refugees.

But he warned that any new violence could trigger another movement towards the frontier from the seven camps in the region.

"The next few days will be very telling."

"If there's any security incident at all we will see a massive outflow, whether the Tanzanian border is closed or not."

UNHCR officials are currently holding talks with the Burundi authorities, trying to persuade them to guarantee the refugees' security and encourage a return to the camps.

Menem may face second-round election

By David Pilling in Buenos Aires

Mr José Octavio Bordón, presidential candidate for the centre-left Frepaso coalition, is close to forcing President Carlos Menem to a run-off in Argentina's elections next month, according to an opinion poll published yesterday in Clarín newspaper.

The poll, based on a sample of fewer than 2,000, puts Mr Menem on 33.4 per cent, against Mr Bordón on 20.3 per

cent. However, when undecided voters (26.7 per cent) are distributed among the candidates, Mr Bordón scores 29-30 per cent with Mr Menem on 41-42, just enough to secure outright victory.

Under the new electoral system, Mr Menem needs to score more than 45 per cent to win in the first round, or more than 40 per cent if he has a 10-point lead over the second-placed candidate. According to the Clarín poll, this margin has been cut to 12.

The poll appears to confirm the steady rise in the popularity of Mr Bordón, a Peronist dissident, since he won Frepaso primaries on February 28. He has gained votes largely at the expense of the Radical candidate, Mr Horacio Massaccesi, who has suffered from party disunity and financial difficulties in Rio Negro province, where he is governor.

Mr Bordón, as well as poaching Radical votes, could also benefit in the run-up to the mid-May elections from the

economic hardships that are likely to result from recent government austerity measures. For example, local car producers, hit by falling sales, have stopped production for several days in the past month.

At the weekend, VAT was increased by 3 percentage points, a prerequisite for vital loans from the IMF and other multilateral institutions. These are needed to replace private capital flows which have stopped since Mexico's devaluation last December.

The government said this weekend that VAT would be largely absorbed by suppliers in the context of stagnant consumer demand. It predicted that inflation for April would be below 1.2 per cent, though significantly above that in March, when prices fell by an estimated 0.1-0.2 per cent.

In a sign that some companies may try to avoid passing higher costs on, Aerolíneas Argentinas, the privatised flag-carrier, has announced wage cuts of 5-15 per cent.

LEGAL NOTICES

IN THE MATTER OF INTERESTED CONSTRUCTION LTD

NOTICE IS HEREBY GIVEN that the Creditors of the above-named company are required to submit their claims and supporting documents to the undersigned by the 30th day of May 1995 to be included in the list of creditors to be presented to the Liquidator of the company. Any claim not so submitted will be excluded from the list of creditors to be presented to the Liquidator of the company.

Dated this 30th day of April 1995
Anthony Hall Solicitors
Liquidator

All advertisements are accepted subject to our terms and conditions, copies of which are available by writing to: The Advertiser, Compliance Director, The Financial Times, One Southampton Buildings, London EC4A 3DF. Tel: +44 (0) 171 873 3211. Fax: +44 (0) 171 407 5788.

A PRIME SITE FOR YOUR COMMERCIAL PROPERTY

ADVERTISING

Advertise your property to approximately 1 million FT readers in 100 countries.

For details:

Call Sophie Castillon on +44 (0) 171 873 3211 or Fax: +44 (0) 171 873 3098

Deutsche Bank AG is a member of The London Stock Exchange and The Securities and Futures Authority Limited

PRIVATE BANKING-INTERNATIONAL

We are pleased to announce that as of Monday, 3rd April 1995, the Private Banking Department of Deutsche Bank AG London is open for business.

Deutsche Bank AG London
Brian P. Galloway, Head of Private Banking
145 Leadenhall Street
London EC3V 4QT
Tel: (0171) 71 7878
Fax: (0171) 971 7879
Main Switchboard: (0171) 971 7000

Deutsche Bank



Deutsche Bank AG is a member of The London Stock Exchange and The Securities and Futures Authority Limited

FINANCIAL TIMES EAST EUROPEAN BUSINESS LAW

FT EAST EUROPEAN BUSINESS LAW is a monthly account - concise and empirical - of new laws affecting business in the countries of Central and Eastern Europe as they adapt to the free market. It covers all the legal issues of which business needs to be aware both in setting up business ventures in the region and in operating there.

To receive a FREE sample copy contact:

FT East European Business Law, Financial Times Newsletters,
PO Box 3651, London SW12 8PH
Tel: +44 (0) 81 673 6666 Fax: +44 (0) 81 673 1335



FINANCIAL TIMES Newsletters

FT Business Enterprises Ltd, Registered Office Number One, Southwark Bridge, London SE1 9HL
Registered No. 980896

Tenneco Inc

HOUSTON, TEXAS

Notice to all holders of Tenneco's Common Stock

The Tenneco Stock Symbol has been changed effective April 3, 1995. The new symbol TEN replaces the former symbol TGT. The symbol TEN was adopted because it better reflects Tenneco's diverse interests.

Karl A. Stewart, Vice President and Secretary

BUSINESS WANTED?

You want to advertise in the Financial Times. For further information please contact
Marianne Miles on
+44 (0) 171 873 3308 or
Karl Layton
+44 (0) 171 873 4780

MARGINED FOREIGN EXCHANGE TRADING
Fast, Competitive Quotes 24 Hours
Tel: +44 71 815 0400
Fax: +44 71 329 3919

INVESTORS - TRADERS - CORPORATE TREASURERS
SATQUOTE™ - Your single service for real time quotes.
Futures * Options * Stocks * Forex * News * Via Satellite
LONDON +41 329 3377 NEW YORK +212 266 4000 FRANKFURT +49 69 40071

FUTURES & OPTIONS TRADERS
FOR AN EXPERT COMPETITIVE SERVICE
BERKELEY FUTURES LIMITED
38 DOVER STREET, LONDON W1X 3DB
TEL: 0171 639 1133 FAX: 0171 406 0022

YOUR PERSONAL REUTERS FINANCIAL REPORTER
Corrections, Futures, Indices and the latest news updates.
Futures Pager keeps you in touch with the markets 24 hrs a day.
FOR YOUR FREE 10 DAY TRIAL FREEPHONE 0800 800 456 TODAY
FUTURES PAGER

TAX-FREE SPECULATION IN FUTURES
To obtain your free guide to how your Financial Broker can help you, call 0171 873 3211 or write to the I.G. Index Plc, 1 Watlington Way, London SW18 3ER

GMS FutureView A subsidiary of the LGE
Real-time worldwide coverage of Futures/Options prices. Soils, Agriculture, Financial, Energy, Metals, P.C. News, Clearing. PC Windows system. Contract sizes of use with accuracy & speed, in one value for money package. Available in the UK and Europe via satellite.

PeMarket-Eye
FREEPHONE 0800 321 321 FAX 0171 398 1001

WANT TO KNOW A SECRET?
The I.D.S. Gann Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.D. Gann can increase your profits and contain your losses. How? That's the secret. Book your FREE place. Phone 0171 588 5858.

24HR 0171-865 0800
24 Hour Fax Service
Commodity, Foreign Exchange, Futures, Options, Stocks, Bonds, Derivatives, and more.

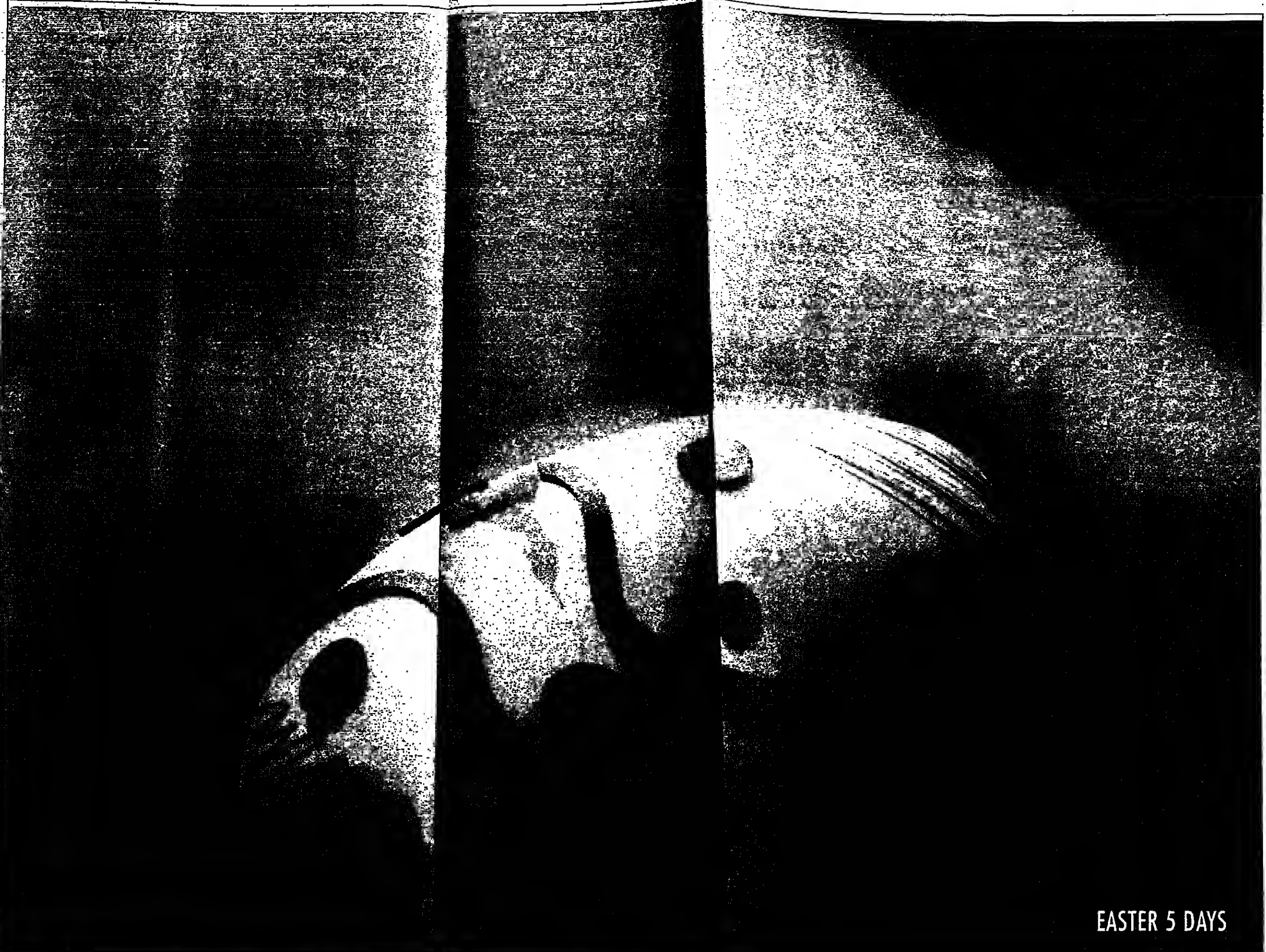
TREND ANALYSIS LTD
Daily Analysis & Trading Recommendations by Fax
FOREX - METALS - BONDS - COMMODITIES
For FREE TRIAL Phone 01962 579764
Fax 01424 774067

PHILIP ALEXANDER
SECURITIES AND FUTURES LIMITED
Victoria House, 125 Fleet Street, London EC4A 3DF
Tel: (44) 171 417 9720 Fax: (44) 171 417 9719

FOREX
SOVEREIGN (FOREX) LIMITED
24 HOUR MARGIN TRADING FACILITY
COMPETITIVE PRICES
DAILY FAX SERVICE
Tel: 0171- 531 8188 Fax: 0171- 531 7114
4a Southampton Place Rd, London SW1W 0RZ

صكرا من الراحيل

FINANCIAL TIMES MONDAY APRIL 3 1995



EASTER 5 DAYS



ONLY THE ROYAL ORCHID PLUS

Royal Orchid Plus has reached another milestone, now becoming the most rewarding frequent flyer programme in Asia. THAI's new alliance with LUFTHANSA and UNITED AIRLINES offers members a whole world of opportunity to earn miles and redeem free flights.

CELEBRATION GOES WITHOUT

From March 26th 1995 until March 25th 1996, Royal Orchid Plus members earn even more miles on THAI flights between Bangkok and Europe, Australia and New Zealand. In Economy Class you now earn 100% (including excursion and published discounted fares). In Business Class you earn 200%. First Class 300%.

A BREAK FOR 365 DAYS.

Don't miss the chance to increase your miles and enjoy the best reward of all - free flights. Plan ahead. Be part of the longest celebration of travel on earth, in the skies.



If you are not already a member of Royal Orchid Plus, there is no better time to join. Pick up an enrolment form from your nearest Thai Office.

Labour party demands 'balanced leadership' when deputy governor is replaced

Outsider is urged for central bank

By James Birt, at Westminster

The opposition Labour party is urging the government to appoint an outsider to the post of deputy governor of the Bank of England, from industry or commerce, Mr Gordon Brown, Labour's shadow chancellor (chief finance minister), said today.

Mr Brown called for a replacement whose career had not developed exclusively in

searching for a successor to Mr Rupert Pennant-Rea, who resigned last month following revelations of an extramarital affair with a journalist. Mr Pennant-Rea's appointment in 1993 caused controversy because he had no previous top-level experience in the bank. He was previously editor of the magazine *The Economist*.

Mr Brown called for a replacement whose career had not developed exclusively in

high finance or the government machine. He said Mr Pennant-Rea's resignation had opened an opportunity for the Bank to develop contacts with Britain's business sector. He argued that the case for a balanced leadership had been made by strong merits because Mr Eddie George, the governor, had spent his entire career within the central bank and is clearly important to balanced leadership at the top, he said. Mr Brown's comments

partly reflect continuing dissatisfaction within the Labour party at the prime minister's refusal last year to include a trade union leader as a non-executive director of the Bank. The decision not to appoint a union leader, taken by Mr John Major himself, broke a tradition which dates from the Bank's nationalisation in 1946.

However, Mr Brown's words are unlikely to be heeded. An informal shortlist for the deputy governorship, drawn up by

the Treasury, includes Mr Merlyn King, the bank's chief economist, and Mrs Rachel Lomax, a senior official. Also under consideration for the post is Stephen Robson, a Treasury secretary, who is responsible for the Treasury's relations with industry and City institutions, including the Bank. From the private sector, Mr Peter Burt, managing director of Bank of Scotland, is a possible candidate.

UK NEWS DIGEST

Business failures rise steeply

The number of businesses going to the wall recorded its biggest increase in the past three months since the winter of 1993, but small business failures are well down on last year's levels. Dun & Bradstreet, the business information group, said 9,909 businesses collapsed between January and March. This was 738 more than in the final three months of last year and the biggest rise since the fourth quarter of 1993.

Business failures were still 15 per cent below their levels in the first three months of last year, with the decline for small businesses even greater. Some 5,764 partnerships, associates and sole traders went bankrupt in the first quarter, compared with 7,353 a year earlier.

Mr Philip Mellor, Dun & Bradstreet's senior analyst, said this year looked set to see the biggest fall in business failure among small businesses "for at least 15 years". But he added that about 450 small businesses were going to the wall every week.

Robert Chote, Economics Correspondent

whether to hold a ballot on industrial action. One option being considered is that doctors would prescribe branded drugs rather than the cheaper generic drugs - unbranded copies of brands that may once have been patent-protected. Most drugs prescribed in the UK are generic. Other action might include referring more patients to hospital consultants. Lisa Wood, Employment Staff

Conservative EU rebels divided on tactics

The nine MPs in the governing Conservative party who have been denied the party whip appeared yesterday increasingly divided over tactics. The whip was withdrawn last year when the nine persistently defied party policy on the European Union.

Mrs Teresa Gorman, one of the party's strongest opponents of the government's European policy, said she wanted to see the nine give a boost to the Conservatives in the coming municipal elections. "We are trying to mend fences," she said, adding that the rebels would be blamed if the party failed in the elections.

"But we want the party to do well at the local elections and want the rank and file to realise we are in the market for reformation." Nevertheless, Sir Teddy Taylor, another party rebel, said reconciliation appeared a long way off. He said the unity process had been "rather kicked in the teeth" by the refusal of Mr Kenneth Clarke, chancellor of the exchequer, to meet the group.

Cambridge wins boat race: The 141st University Boat Race on the Thames in London was won by favourites Cambridge who reached the finishing line about 12 seconds ahead of the Oxford crew. Oxford were ahead at first, but Cambridge soon pulled away to record the university's 72nd victory in the annual race.

Marathon victor: Dionicio Ceron, a 29-year-old Mexican, yesterday became the first person to win the London Marathon twice. His time was 2h 8min 30sec; the record for the event, run by thousands of competitors through some of the most historic streets of London, is 2h 8min 16sec achieved in 1985. The fastest woman yesterday was Malgorzata Sobanska of Poland at 2h 27min 43sec.

Falcon's comeback: The British population of peregrine falcons, one of the country's largest birds of prey, has almost doubled since 1985 while numbers of other birds have dwindled, says the British Trust for Ornithology. But peregrines are still at risk from egg collectors and falconers who capture young birds for training, adds the trust.

Climber dies: A 27-year-old businessman was killed when he fell more than 80m from a snow-covered ledge on a mountain in England's Lake District. Andrew Coleman was walking with his wife on 1,000m Mount Helvellyn when he slipped from the ledge. The bodies of three climbers were found in Scotland's Glencoe range in an area where three men disappeared last month after an avalanche.

Suit may threaten 'old guard'

By Ralph Atkins, Insurance Correspondent

The Lloyd's of London litigation handwagon reaches another stage today when a legal claim for damages brought by 2,000 Names for losses arising largely from US asbestos and pollution claims starts its High Court hearing in London.

The case being pursued by the Merrett Syndicate 418 (1995) Names Association is the largest and potentially the most significant of the so-called "long tail" cases, which involve losses on policies sold as long ago as the 1940s. Names are individuals whose assets have traditionally supported the Lloyd's insurance market.

As well as Lloyd's professional agencies, the association is taking action against Ernst & Whinney, the auditors, and Mr Stephen Merrett, the syndicate's underwriter and a former deputy chairman of Lloyd's.

Mr John Mays, chairman of the association, said: "This case involves the inner sanctum of Lloyd's establishment, and if the allegations of negligence are upheld, it will be a serious blow to the old guard at Lloyd's."

Lake takes special care with words

Anthony Lake is a man of placid public demeanour - but it was possible to detect just the hint of wariness in the eyes of President Bill Clinton's national security adviser when he briefed British correspondents on the visit by Mr John Major, the UK prime minister.

He began not by running through the items on the agenda of the two heads of government but by talking about the "special relationship" between the US and the UK. He did not, however, use the adjective that is the subject of so much comment on the other side of the Atlantic.

Mr Clinton, he said, repeatedly described the relationship as "unique" and "powerful", especially in the nuclear, military and intelligence fields. "I see no reason why it will not remain so."

Whenever a thorny problem cropped up, his "first thought goes to London" - as it had with "tougher sanctions" last

Bill Clinton's national security adviser prefers to describe relations with Britain as 'powerful'

week against Libya. He conceded "tactical disagreements" over Northern Ireland, but a year ago, Bosnia. But the British "flurry of self-examination and dubious headlines are transitory and unwarranted".

Asked about the apparent rise of anti-Americanism in Britain, Mr Lake became by his standards, positively mild. "We acknowledge it exists. We read the articles, which are nasty and wrong. But as it worry me? No... we get through it and get on with what is important."

He insisted that there was nothing wrong with the personal relationship between the president and prime minister. "We never took offence," he said, at Mr Major's inability to

take a phone call from Mr Clinton after the presence in the White House last month of Mr Gerry Adams, the president of Sinn Féin, the political wing of the Irish Republican Army.

Nevertheless no "gesture" is planned over the next 48 hours to make Mr Major feel especially welcome. Last year Mr Clinton took Mr Major with him to Pittsburgh. But the president, now in Arkansas, is returning to Washington only hours before his lunch tomorrow with the prime minister.

Contrary to assertions from Mr Adams, Mr Lake said he had pressed the Sinn Féin leader on the decommissioning of IRA arms in Northern Ireland and on a proper accounting for Sinn Féin funds.

raising in the US. The Clinton administration had no particular vision of the future of Ireland. "There should be a peaceful settlement negotiated by all the parties - it's up to them."

Mr Lake said the US had all along wanted to intervene only to get "results". The ceasefire that has now lasted half a year certainly constituted progress, for which Mr Major and two successive prime ministers of the Republic of Ireland deserved much credit.

He compared the peace process in Northern Ireland with that in the Middle East, where there was now a community of interests between the Israeli and Arab sides. "I think we are seeing the beginnings of this in Northern Ireland," he added.

Junk Martin, US Editor

Battle of the beer giants intensifies

By Frederick Oram, Consumer Industries Editor

Bass and Guinness are both launching beers this week to challenge the leadership of Whitbread in premium "lager" beer, one of the few fast growing segments of an otherwise gently declining beer market.

"Lager" is the name used in Britain for European-style beer as opposed to traditional dark British "bitter".

Bass will add to its portfolio Carling Premier, brewed in the UK, and Staropramen imported from Prague Brewery, the Czech company in which it has a 34 per cent stake. Guinness is launching Enigma, its first premium brand.

Premium brands led by Whitbread's Stella are this account for about 14 per cent of all beer sales and are growing at about 6 per cent a year. They have a minimum

strength of 4.5 per cent alcohol by volume.

In contrast, weaker and cheaper standard "lagers" are suffering from flat volumes and falling prices. Together the two classes of "lager" account for about 55 per cent of the UK beer market, which is contracting at about 1 per cent a year.

Mr Séamus McBride, marketing director of Bass Breweries, said: "We aim to be number

one in the premium sector by 2000, displacing Stella." Bass is doubling its advertising and marketing spend on Carling this year to £30m.

At the top end of its range Bass is adding Staropramen for national distribution. The UK market for Czech beer is only 40,000 barrels a year now, but Bass and others see it as a high-growth sector. Czech beer's reputation as a quality product with a long history.

Alertness to unfolding opportunities has given us a solid position in Central and Eastern Europe.



In 1991 we opened an office in St. Petersburg. Today we serve our customers in Central and Eastern Europe from 10 offices in 61 countries worldwide.



ABN-AMRO • The Network Bank •

FOR MORE INFORMATION CONTACT MARKETING MANAGEMENT, MR. BOB VAN GESSSEL, SR. VICE PRESIDENT, TEL. (31-20) 6294714, FAX (31-20) 6295820.

MEDIA FUTURES

From Jesus to El Ranty

DATELINE

Tokyo: New religions have been a feature of Japan's modern history, writes William Dawkins

A busy shopping street in central Tokyo might seem an odd place to find a witch doctor. But there she sits, behind a head curtain in a tiny sanctum opposite Hiroo post office, a few yards from my apartment, where she peddles palmistry, "love-love checks" and snake oil.

My neighbourhood shaman, a traditional faith healer-cum-soothsayer, caters for just some of the growing number of Japanese people searching for the spiritual dimension.

She is doing well, judging by the fact that she has just started taking credit cards. So are the growing number of new religions - many led by former shamans - highlighted tragically by the recent nerve gas attack on the Tokyo subway and subsequent police investigation of the Aum Shinri Kyo sect.

A police guard still surrounds the nearby branch of Aum Shinri Kyo, as the slow search continues for evidence to explain last month's attack, in which 10 died and about 5,500 were injured.

A short bus ride further, one comes to the futuristic inverted bronze pyramid

that forms the headquarters of Reiyukai, one of the many perfectly respectable 20th century cults. Inside, a group of salary-men and housewives drape prayer scarves over their shoulders and chant mantras in the cavernous gloom.

The shaman, the fanatics and the praying office workers are very different examples of how many Japanese complain of spiritual poverty. The growth in new religions is paradoxically not new, but deserves to be taken more seriously than before because, as the Tokyo gas attack shows, it is entering an unpredictable new phase.

Just over 100 new religious entities are being formed every year, according to the government's cultural affairs agency. Japan had just over 331,000 religious groups at the end of 1993, of which around 40,000 are - like Aum - outside the three main streams of Buddhism, Shinto and Christianity. These sects are "surrogate

families... in a fatherless society", believes Susumu Oda, professor of psychopathology at the University of Tsukuba.

New religions have been a feature, and perhaps a consequence of modern history's three main phases of social and political change, the Meiji restoration at the end of the 19th century, post second world war reconstruction and the present.

The first generation is rooted to Shinto, Japan's indigenous religion, a blend of nature and ancestor worship. Of this type, the most respected is Tenri-kyo, founded in 1854, which has its own city, Tenri, in Nara prefecture, central Japan, a university, schools, and 16,000 churches round

the world. By contrast, second generation new religions, dating from the late 1940s, tend to be based on Buddhism, formed by aspirants to the spiritual vacancy left by Emperor Hirohito's renouncing his title.

Shinto divinity at the end of the war. By far the most important example of that type is Soka Gakkai, a lay movement founded by a teacher in 1930. This took off after the founder was martyred as a "thought criminal" in a Tokyo prison in 1944. Now, it claims membership of 8m households and great political clout as the founder of Japan's second largest political party, Komeito, the clean government party. Soka Gakkai's membership comes

mainly from office and factory workers around Osaka. Rich Tokyoites tend to flock to another post-war Buddhist sect, Shinryu-kyo, or garden of truth. It claims just over 7m members.

The third generation of so-called "new religions", dating from the past 10 years or so, is eclectic. It has many roots and its sects are more dogmatic than earlier movements. Bodies such as Happy Science, the largest of the new new sects with 5m members, and the delightfully named Powerful Cosmos Kato, or the sinister Arm tend to demand followers' exclusive devotion. Aum Shinri Kyo is a fringe member of the newest generation by virtue of its small membership of 10,000 and its extreme practices. But it is typical in preaching a mystical, if not mystifying, mixture of Buddhism, Hinduism and Old Testament doom.

Happy Science, founded nine years ago by Ryohei Okawa, a former office worker

at a general trading company, has an even broader pantheon, peopled by various Buddhas, Zeus, Jesus Christ, Abraham Lincoln, and a gigantic space traveler called El Ranty, among others.

Followers of the new new sects are younger than the post-war religions and, most importantly, seek answers to different problems, argues Oda and other religious experts.

Earlier sects fitted in to the post-war race for economic development which for many Japanese had a spiritual dimension to that. That can be seen in the shrines on the roofs of office buildings and the semi-religious writings of entrepreneurs such as Konosuke Matsushita, founder of the world's largest electronics company.

But now the post-war sense of purpose has diminished, in line with corporate Japan's horizons. It has given way to a feeling of drift and boredom, claims Oda. A target driven society finds itself with less of a mission than before. Japan's new new sects are addressing a generation which for the first time in a century or so is struggling for a sense of direction.

PEOPLE

Czech privatisation pioneer seeks peace

Viktor Kozény tells Vincent Boland he still controls the HC&C investment fund, despite living in the Bahamas

Viktor Kozény has not lost his eye for the main chance, even in exile. The whiz-kid of coupon privatisation, operating nowadays from the Bahamas, has steered his Harvard Capital & Consulting (HC&C) investment fund empire, based in Prague, into a 5 per cent stake in SPT Telecom, the Czech Republic's state telephone company. He is now hunting for a new management team to beef up HC&C's operations in the city he abruptly quit a year ago.

Kozény, the enfant terrible of Czech privatisation, is an engaging, Harvard-educated 33-year-old who helped change the way of life of an entire country while in his twenties. He also made a personal fortune not far off \$300m.

Kozény returned to what was then Czechoslovakia in 1990, having left it as a child, in his pocket he had \$3,000, with which he established HC&C. In 1991-92, the early days of the government's coupon privatisation programme, he conducted an unprecedented advertising campaign, which helped rescue the programme from public indifference. He spotted the opportunity, and sold it to the public.

Millions of bemused investors got the message, and many of them gave their coupons to HC&C to invest on their behalf. He made them money, and in return received nationwide gratitude. "We were the first, everybody else followed," he says.

But by 1993, sentiment was turning against Kozény, largely because of his involvement with a former communist-era secret service agent named Václav Wallis.

The Czech Republic became awash with rumours that Kozény had used Wallis - who even after communism continued to orbit the fringes of officialdom - to gain inside information on privatisation decisions, enabling HC&C to build up big stakes in 50 of the country's top companies.

Kozény admitted paying Wallis a retainer, but denies getting any privileged information. Nor has Kozény ever been charged with any wrongdoing, despite a lengthy investigation. Last week it was reported that state investigators may wind-up the case by the end of April.

Wallis was tried and convicted in early 1994 of abuse of public office and jailed; he has since been released. But the Wallis affair became almost a sideshow. Kozény underwent trial by media and was found guilty of being too clever by



half, as a wave of resentment of millionaires, communists and get-rich-quick schemes burst forth from recession-hit Czechs. Dejected and hurt, he exiled himself, first in Zurich and now the Bahamas, and has vowed never again to return to his homeland.

That is Kozény's version of his experiences over the past five years. His problem is that many Czechs do not believe him. Kozény, usually effortlessly articulate, finds it difficult to rationalise the turn against him: "What can I say? What can I do?" he asks. "Everything I do seems to be wrong."

If Kozény is guilty of anything, arguably it is of having poor judgment, and of abruptly leaving Prague: it seemed an odd thing to do, a gift to his accusers. His defence of his flight seems a trifle precious for one who clawed his way to the top almost overnight and enjoyed a huge public profile.

"After reading about this [the case] every morning in the papers, I just got sick of it," he says. "There it was on a daily basis for two years. There were more articles about me than about the prime minister."

In the Bahamas he spends time with other multi-millionaires like Sir John Templeton, a shareholder in Kozény's HC&C investment fund. He rises at 5am on working days to

bank orders down the phone to his managers in Prague, several time zones away. "I'm the man who makes the decisions," he says of the way HC&C operates, touching on an issue perhaps more serious in the long run for his company's future than his own absence from Prague.

The distance between the Bahamas and Prague partly explains the search for new management, although as a self-made man Kozény will find it difficult to cede much autonomy. His family owns an estimated 25 per cent of the shares in the funds HC&C manages - he will not give the exact figure - and his interest in its future is obvious.

Kozény has turned down several offers to sell HC&C, even though there are few opportunities left, now that coupon privatisation has ended in the Czech Republic. He is seeking to market the vouchers-for-shares system in China.

Kozény defends his own style, citing the words of George Soros, another "strong leader": "A company is not a democracy." He has no plans to return to Prague, saying he can run the business by telephone. He still feels bitter about his treatment, insisting he is just "a normal guy". All he wants is for the Czechs to give him a break.



Randa kick starts new era for Bank Austria

"Austria's most powerful manager," screams the headline from this week's *WirtschaftsWoche* magazine, accompanied by a picture of a tough looking Gerhard Randa, writes Ian Rodger.

The 50-year-old career banker and Harley-Davidson motorcycle enthusiast takes over on Wednesday as chief executive of Bank Austria, the country's largest banking and industrial group. But no one would ever have described the folkier René Alton Haiden, Randa's predecessor at the young bank, as being powerful.

Randa has always been interested in power and, more important, willing to use it. As chief executive of the former Länderbank, he was instrumental in bringing about its merger in late 1991 with the city of Vienna's Zentralbank, to create Bank Austria.

He was then content to sit in the shadows for three years as deputy chief executive - until Haiden retired. But Randa was careful to get a written contract ensuring that he would succeed him. Meanwhile, he has pressed the pace of unpopular internal rationalisation, while Haiden tried, in the traditional way of Austrian socialist managers, to please everyone.

And in a famous coup early last year, Randa sorted out the country's dithering savings bank sector. In principle, Bank Austria wanted to sell its 30 per cent stake in GiroCredit, the savings banks' central clearing organisation. But Randa ultimately wearied of the endless talks on how best to do it, and convinced the city of Vienna to bid for enough Giro shares to give Bank Austria majority control. And that was that.

No-one doubts what the priorities of the Randa era will be: more pressure on costs; a drive for higher margins; and a gradual sell-off of the group's motley bag of industrial and commercial holdings.

New chairman for Italy's Autostrade

Giancarlo Elia Valori is almost certainly the first ever professor of political science at Beijing

University to be put in charge of a European motorway network, writes Andrew Hill.

Valori, one of Italy's most experienced state-sector managers, has just been appointed chairman of Autostrade, the state-controlled company which runs about half of Italy's toll motorways.

The post is non-executive but it would be wrong to assume that Valori will be a passive chairman. The appointment adds to a long career within the complex structure of IRI, the Italian state holding company which controls Autostrade. Most recently, Valori was chairman of SIRE, the Naples-based foods restaurant and supermarket group which was broken up and sold to a variety of private buyers.

IRI has said it hopes to sell its stake in Autostrade during 1995, and Valori's appointment will allow him to continue his keen and critical interest in Italy's privatisation programme, about which he has just published a book. Valori, who is 55, is also well-known outside Italy for his range of international contacts, particularly during the Cold War, beyond the European and Asian frontiers. He has written a biography of Nicolai Gerasimov, the former Romanian dictator, and was the only Italian to be invited to the funeral of the north Korean leader, Kim Il Sung, in 1992. Francois Mitterrand made him a knight of the Legion d'Honneur.

Big day for P&O Cruise's Haris

Tim Harris, chairman of P&O Cruises, has a challenging few days ahead of him, with Queen Elizabeth II due to "name" the latest addition to the P&O fleet, the Oriana, on Thursday, writes Charles Batchelor. But the buzzwords surrounding the launch of one vessel, even one so laden down with hyperbole as the Oriana, should not face a man with Haris's background.

As well as chairing P&O's successful cruise operations he is also head of its container and bulk shipping businesses, and of its European distribution arm. Harris, 47, is widely seen as the coming man at P&O - even as a possible successor to Lord Stirling, aged 60, chairman of the group.

Harris has been responsible for transforming the fortunes of P&O's cruise activities. He was sent to Los Angeles in 1986 to take over that business and has trebled the size of P&O's US cruise operations. Princess Cruises.

He has just assumed presidency of the British Chamber of Shipping, which represents British-based shipowners, where he will have the job of raising the profile of the shipping industry. "We need to communicate that British shipping not only has a glorious past but is doing well today," he said after his swearing in.

FT GUIDE TO DELAYERING

Why is Shell, one of the world's most profitable companies, cutting 1,200 management jobs?

This is the latest example of a trend towards management downsizing that started in the US about 15 years ago and has now spread worldwide. Traditionally, big companies believed that the "span of control" - the number of people whose work any manager could effectively control - was between seven and ten. So as companies grew, they built a hierarchy of middle-managers, each controlling the work of seven to ten subordinates. Filling these relatively well-paid jobs cost money; and co-ordinating thousands of middle managers was itself time-consuming. Now, it is thought, computers and telecommunications mean that a single manager can supervise up to 30 people, greatly reducing the need for a hierarchy. Companies can save money and speed up the way they work by "delayering" themselves.

If this isn't a new fad, why did Shell's move get so much attention?

Many enthusiasts for delayering are companies that are in trouble. But Shell has always been admired as one of the world's most profitable, best-managed companies. If Shell is cutting back in this way - and companies in the US also continue to do so in spite of the strong economic recovery there - then the trend is clearly outlasting recession.

Does it work? Only if you do it properly. General Electric, one of the first companies to try delayering in the early 1980s, discovered that managers can only supervise many more people if paperwork and corporate bureaucracy are greatly simplified. Companies that merely cut the numbers of managers without changing the way they work risk imposing intolerable workloads, leading their most talented people to look elsewhere. A second risk is of failing to downsize enough the first time round, leading to successive rounds of cuts. That destroys morale and pushes managers to think solely of how to keep their jobs.

Is delayering the same as re-engineering? Not quite, though the two may go hand in hand. Business process re-engineering, a trend that started in the late 1980s, involves radically simplifying the low-level workings of a company - typically, all the procedures that go into satisfying a customer order. The outcome often involves collapsing departmental demarcation lines, building integrated computer systems, cutting down response times, and reducing the number of layers at the bottom of a company. That may lead on to a bigger organisational overhaul, affecting more senior layers.

Shell has cut back on its "matrix" management structure. Is this also a trend? And what is a matrix, anyway? Matrix structures are the 1980s response to the growth of complex multinational businesses. A company needs to co-ordinate the design, production and marketing of its products worldwide; that requires a degree of central control. But it also needs to respond to country-by-country market needs and regulatory requirements; that requires a degree of local autonomy. What is more, there are "functional" skills and standards (in finance, marketing, or engineering) which may also require central co-ordination. To handle these conflicting priorities, some companies put managers into a "matrix" structure, so that they reported both to their local country bosses and to product-line or functional managers at head office. Sometimes this worked well, but often it led to interminable wrangles. In Shell, a very collegial place, the system worked smoothly, but contributed to a "committee culture". So Shell is cutting back on the matrix and tilting the balance a bit more towards the centre. However, it is not abandoning matrix concepts altogether. Other companies have also cut back their matrices - in some cases eliminating them. But they still have to find ways of balancing global, local and functional priorities.

What happens to the people who are downsized? Sometimes, downsizing focuses on reducing the size of a company's head office, cutting it to a small number of people who deal only with group-level strategy and performance review. All other traditional head-office functions, from personnel to data-processing, are devolved to the operating companies. When that happens, jobs are transferred to subsidiaries, rather than abolished. But true delayering necessarily involves a wave of redundancies and early retirements. For many of these managers, finding new jobs may be hard, especially if they are over 40. Sometimes they become consultants, initially to the company they have just left. In the US, however, there is some evidence that delayered managers are being sucked back into full-time staff jobs, as companies start to grow again.

Peter Martin

FILM/VIDEO

■ Oscar evening is over - no more ghouls, guesties or things that go bump in the night. But you can catch up with one elusive winner. *Blue Sky* comes to town (National Film Theatre, London, one week only) with Best Actress Jessica Lange. You can see her scorching performance as a Southern army base wife suffering from first-degree nymphomania. Tommy Lee Jones co-stars; Britain's Tony Richardson directed, in his last movie.

□ Another Oscar night refugee. Hugh Grant, appears in Mike Four Weddings Newell's latest film, *An Awfully Big Adventure*. Grant slips on a monocle and misanthropic mien as a 1940s theatre company director tussling with egocentric actor Alan Rickman over a young actress's career. Beryl Bainbridge wrote the novel; Charles Wood wrote the script. American critics wrote the so-far mixed reviews, mostly complaining "Why isn't it *Four Weddings* all over again?"

■ In a busy week for the large screen, *Dumber And Dumber* is a sort of mad relation to *Forrest Gump*. A tale told of two idiots (Jim Carrey, Jeff Daniels), full of screwball charm and fury, it directed straight to the top of the US charts. *Postcards From America*



Oscar night refugee: Hugh Grant in *An Awfully Big Adventure*

is a gay psychodrama spiked with talent from new director Steven McLean. And *101 Dalmatians* (Disney classic) and *Far From Home* (lost mutt finds way back to folks) is an all-doggy twosome.

□ If you have time for videos, do try the mystery-horror film *Cronos* - you could call it a Spanish *Interview With The Vampire* (only better) - and two Italian classics rich in the

poetry of places and people: Fellini's *Vieland* and the Taviani brothers' *The Night Of San Lorenzo*.

Nigel Andrews

MUSIC

■ An *adagio* movement, according to Frederick the Great's flute teacher, was one in which "all the notes, so to speak, must be caressed and flattered". *Adagio Karajan* (Deutsche Grammophon) features some of the most popular such movements in the canon, conducted with dramatic stillness and great authority by Herbert von Karajan. The recordings, which come from his twilight years, include the slow movements from Mahler's 5th Symphony, Beethoven's 7th Symphony and Bach's Suite for Cello No 3.

□ Period instrument-mania strikes Verdi's *Requiem* as John Eliot Gardiner, conducting the Orchestra Révolutionnaire et Romantique and the Monteverdi Choir, tackles this momentous work on Philips. Gardiner has paid particular attention to the authenticity of the 27 wind instruments prescribed for the work by Verdi, and to the composer's own insistence that "one must not sing this Mass in the way one sings an opera". The singers are Luba Organsova, Anne Sofie von Otter, Luca Canonici and Alastair Miles.

■ Marvin Staples, one of the great voices of American music, once more collaborates with one of its most pretentious personalities, Prince, on *The Voice* (NPG). The



Prince: intriguing partnership with Marvin Staples.

title track and new single, written by the tiny one plus friends, is the most fruitful example of an intriguing partnership which has already revived Staples's distinguished career.

□ In brief: Shostakovich's wickedly witty jazz suites and Piano Concerto No 1 are gathered together on *The Jazz Album*

(Decca), conducted by Riccardo Chailly and the Royal Concertgebouw Orchestra; *Ready for the Storm* (Mercury) is a compilation of Kathy Mattea's favourite tracks from her eight studio albums; *The Best Rock Album in the World... Ever (II)*, on the Virgin label, is every bit as dubious as its title.

Peter Aspin

150

The vehicle maker is undergoing a radical shake-up to try to speed ahead of its rivals, says Kevin Done

Ford maps out a global ambition

Ford, the world's second largest vehicle maker, is three months into the implementation of the most radical shake-up in its 82-year history. Under the banner of Ford 2000, the group is seeking to transform itself from a multinational organisation by geography with regional profit centres into a global manufacturing business organised by product line.

"It is proving very challenging because of the scale of the change," says Richard Parry-Jones, Ford's vice-president for the group's European-based vehicle development centre. "We have not struck any rocks yet, but we are navigating very carefully."

With an annual turnover of \$128bn (280bn) and a worldwide workforce of 320,000, the US vehicle maker faces a daunting task to create a global corporation equipped to meet its self-imposed target of being "the world's leading automotive company" ultimately in every aspect of competitive comparison.

In sheer volume, Ford currently ranks well behind General Motors, the stumbling giant of the world auto industry, with factory sales last year of 6.64m vehicles to GM's 8.32m.

In profitability, it cannot match Chrysler, its smaller domestic rival, despite record net profits of \$5.11bn last year.

In quality, the Ford nameplate ranked below the industry average for customer satisfaction in the US last year (according to the authoritative J. D. Power report on car marketing), and its Lincoln and Jaguar luxury brands also trailed behind several Japanese pace-setters led by Lexus (Toyota) and Infiniti (Nissan) as well as behind GM's Saturn nameplate.

Ford's response has been to embark on a radical re-engineering of the corporation it hopes will deliver more products and lower costs.

At the beginning of January it merged its previously independent North American and European Automotive Operations into a single organisation, Ford Automotive Operations. The next step is to integrate its Asia-Pacific, South American and African operations into the same organisation, which Alex Trotman, Ford chairman and chief executive, believes can "probably" be achieved this year.

He believes the creation of an integrated global automotive operation will allow Ford to reduce duplication, increase efficiency, spread best practices and improve economies of scale. The group estimates conservatively that it will make savings of up to \$3bn a year by the end of the decade.

"We can't allow human and financial resources to be wasted duplicating vehicle platforms, powertrains (engines and transmissions) and other basic components that serve nearly identical customer needs in different markets," he says. For example, the group currently sells a Ford Escort in Europe and North America. The cars have similar dimensions; but virtually all they have in common is the name and the blue Ford oval badge.

"In the future, we will have one small engine family in Europe and North America, instead of two separate families that power the same kind of car for the same kind of customer - yet are completely different and used duplicate resources in their development," says Trotman.

To try to avoid such costly duplication, Ford has taken its previously separate North American and European design and engineering activities and has merged them into one worldwide product development organisation. It has created five "vehicle

centres" - four in the US and one in Europe. Each has responsibility both for the worldwide development of several car and truck ranges and their profitability.

The European vehicle centre located in the UK and in Germany has worldwide responsibility for small and medium-sized, front-wheel drive cars. This includes the Fiesta and Aspire small cars, the Escort, and in particular the Ford Mondeo/Ford Contour/Mercury Mystique range. Ford's "world car" launched in Europe in 1993 and in the US last year.

The Mondeo programme was a costly

exercise at around \$6bn and it took too long to execute, but it helped the group to develop and test many of the ideas, which now lie behind the Ford 2000 strategy.

While only one of the five vehicle centres is in Europe, it does have responsibility for developing vehicles in market segments, which hold the biggest potential to gain from Ford's global strategy and which are expected to account for around 50 per cent of world car sales by the next decade.

Last month, Ford was able for the first time to decide on a "unified cycle plan", its schedule for the development of new products stretching well into the next decade.

"For vehicles to be launched in 1999 we can tell pretty much anything, size, power-

and is derived from the Mazda 323. The next generation Escort, which is expected to begin production in 1998/99, will be the most important volume car developed by Ford and is expected to have an annual production capacity worldwide of between 1m-1.5m cars a year. It will replace current European and North American Escorts and will be produced at plants in the UK and Germany, in the US and Mexico, in South America, either in Brazil, Argentina, and probably in Asia.

Despite scepticism, Trotman insists that the Ford 2000 global strategy the group will still be able to take account of regional differences and local customer preferences.

have central power - just the opposite," says Trotman. "We're pushing authority down into the organisation as far as we can go."

Bob Trotman, Ford group vice-president responsible for manufacturing and the man who led the organisation study team during the crucial early months of 1994, says that the Ford 2000 programme is being used as "a wrecking ball" to knock down all the "barriers, be they bureaucratic, that have complicated our lives for generations."

A matrix management system is supposed to replace the "functional chimneys" of the old Ford organisation. "As the second largest manufacturing corporation in the world, Ford had its share of bureau-

cratic, functional chimneys," he admits. While some companies have decided to dismantle their matrix management system - most recently Royal Dutch/Shell last week - Ford is enthusiastically espousing the model. Parry-Jones, head of the vehicle centre for small and medium-sized front-wheel drive cars, admits there was "much heated debate" about the move to a matrix management system with its potential for confused lines of control and responsibility.

Most employees will report to two or more managers, for example, both within a vehicle centre team and in a functional discipline, such as manufacturing, finance, sales and marketing or purchasing. Under the new system, career development is a responsibility of the functional head, while performance evaluation is the responsibility of the vehicle programme team leader. "You need accountability," says Trotman. "Those that have not succeeded with matrix management did not understand that. Without accountability it is always someone else's fault. There are excuses. There are no excuses in Ford 2000, it is very clear where responsibility is."

The balance of power has been shifted to the vehicle programme teams and this has been reinforced by co-locating people.

"The first loyalty will not be to the function, say crash testing or NVH (noise, vibration and harshness), but to the car team," says Parry-Jones. "It is like a Formula One team. If a problem occurs, everyone works on it. You always race, and you always race to win. It's no use saying afterwards that the chassis worked perfectly, but it was a shame about the engine."

Ford believes it is guaranteeing empowerment by making it virtually impossible for managers to "micro manage". The entire Ford automotive operation has been flattened from as many as 14 levels of management in its largest organisations to only 7.

Above the vehicle centres, Ford has, however, centralised its strategic leadership with the creation of its single global profit centre for all automotive operations.

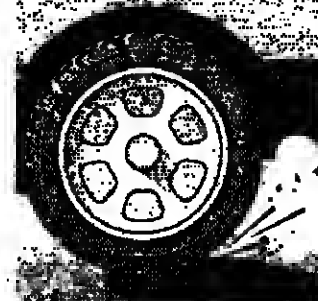
Ed Hagenlocker, president of Ford Automotive Operations, claims "by centralising decision making, we can take the broadest possible view of market opportunities, and we can develop products that serve multiple markets vastly increasing the return on every product development dollar."

Compared with some of its rivals, Ford has been slow to accept the need to reorganise, but Trotman claims the pace of change in the global economy and in the technology of the car has made it unavoidable.

"Agreements like Nafta and the latest Gatt round, the developments in the former Soviet Union and in China, the enlargement of the European Union, all are working to make the playing field larger and more open than it's ever been before... Some people are calling the intense, fast-paced, high-stakes battle that will result from this new global market 'hypercompetition'. I call it a real dogfight."

Trotman believes the evolution of the car is also accelerating. "New technologies such as advanced electronics, ultra-light materials, computer-aided design and a host of others could change cars more radically in the next 10 to 20 years than in the last 100."

The world's carmakers face the same challenge of trying to increase the efficiency of their enormous investment programmes, while producing a greater diversity of products for existing and newly emerging markets. The Ford 2000 revolution will show if Ford has found the right way to free itself from the shackles of its corporate history in order to steal a lead on its rivals.



FAST TRACK

Chematur Engineering

The pedigree is good, the recent history not so good, but the future appears to be shaping up very nicely.

Chematur Engineering, a Swedish company which designs and builds chemical processing plants, is, in the words of chief executive Lemart Fvns, "a child of Alfred Nobel". Based in the central town of Karlskoga, where the inventor of dynamite based much of his Swedish operations, Chematur was previously part of Bofors and then Nobel Industries. An important part of its operations remains making powder and explosives plants.

But a management buy-out in 1989 fizzled into technical bankruptcy in 1992. Refinanced, renamed and refocused, Chematur has bounced back and in the last two years has begun to grow rapidly. It remains committed to its expertise in a range of processes from explosives through fertilisers to pharmaceuticals. But the key to achieving its ambitious targets lies in its development of sophisticated treatments that help manufacturers meet increasingly stringent anti-pollution standards.

Chematur employs 120 people, including those at Weatherly, the company's small Atlanta-based subsidiary (a further 40 work at Chematur's Indian associate in Bombay, IRI Chematur).

The emphasis is on the research and development of industrial chemical processes and the design of plants, with low overheads. Although Chematur does build turnkey projects, all the construction work is contracted out. Development since 1992 has been rapid. Turnover more than doubled last year to SKr280m (223.5m), attracting the attention of Bure, a listed Swedish risk capital group which became the biggest shareholder by buying a 35 per cent stake in Chematur for SKr70m. This year, Chematur expects sales - almost all outside Sweden - to reach SKr350m and it aims to reach annual turnover of SKr500m to SKr600m within five years.

Chematur's growth formula is to aim at niches driven by environmental issues, swinging the emphasis of the company's business more towards the developed world. A prime example is its development of plants producing hydrogen peroxide, with which the world's pulp and paper industry is replacing chlorine-based bleaching agents. Chematur is one of only two companies outside the big chemical industry giants which offer a process: hydrogen peroxide now accounts for 20 per cent of its turnover.

Ivns has even greater plans for Chematur's Polyad process, which is a system for recovering volatile chemicals from manufacturing emissions. A Chematur plant can, for example, clean up solvent emissions and can be applied from small factories up to the biggest industrial plants. With companies coming under legislative pressure on chemical emissions, Ivns says the growth prospects are enormous.

Nobel, who agonised over the military destruction his inventions spawned, would no doubt approve of such an environmentally-friendly business for one of his "children".

Hugh Carnegie

Strategies made of the write stuff

Shock, horror: 44 per cent of British companies have no written strategic plan looking more than two years ahead. This revelation, contained in a report published today by the Institute of Management, does not sound good.

The main task of directors is to set strategy, so if nearly half of them cannot see beyond their noses, they do not deserve a seat on the board at all. Yet on closer inspection, I wonder if the news is so dire. For most companies, it is not obvious that a formal, written document of long-term strategy is essential. If the senior managers are a talented bunch who inspire confidence, all should go well.

The absence of a long-term plan does not mean that a company's focus is necessarily myopic: its directors may take sensible decisions about the future without having a document to refer to.

Moreover, the value of a long-term plan is doubtful in a world

that changes so fast as to make it outdated almost before the ink is dry. Worse, a plan could be harmful if managers slavishly follow it even when changed circumstances suggest otherwise.

In some cases, of course, these plans serve an important purpose. Their very existence shows that the board has given the future some thought in a disciplined way.

The document may be of slim value; what matters is that the big questions have been asked and that an attempt has been made to answer them.

I'm not sure who Shell is trying to fool with its new organisational diagram. This shows its committee of managing directors in a tiny bubble right at the bottom of the chart, lying in what the company pretentiously calls a "cradle" representing the corporate centre.

This kind of upside down structure is a recent US import, designed



to get across the idea that it is the people who run the company who make a company what it is. The diagram is a diagram showing a company's lines of command - is not the way to prove the point. The boss is the boss, and putting him at the bottom tells me not that Shell cares deeply about all its people, but that it has fallen victim to another silly management fashion.

It was good to see Peter Middleton resigning from the board of BAA

strategists, and to do the job properly they need to spend an average of 15 days a year in meetings, and the same again in reading and preparation. Those who do not have the time could not take up the job, while those who subsequently find themselves drowning in too much work could do better to resign, than to attempt to wing it.

Dear X. Your career isn't about money, is it? I didn't think so. It's about something deeper. It's about leadership. Having your say. Making things happen. Putting your stamp on the future."

My letter has just landed on my desk from the circulation manager of a US magazine, with an invitation to subscribe and the promise of a free gift.

From the tone you might have thought it was some down-market business rag. In fact it comes from

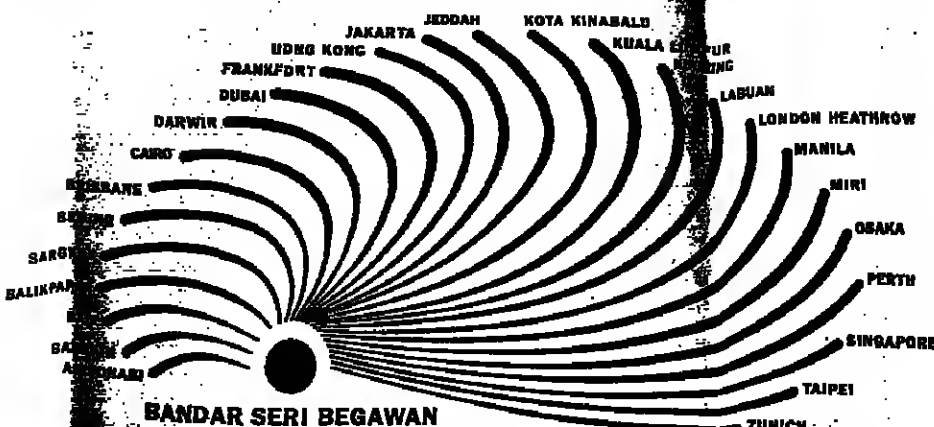
the Harvard Business Review.

It seems that the world's most respected management journal is trying to widen its appeal. Likewise, the great business school is quitting its ivory tower and teaching its students the type of thing they might need to know in the real world.

While this emphasis on practical information is a good thing, it is sad that the sales pitch has to be quite so populist.

Presumably the marketing department at Harvard Business School knows what it is about, and realises that you don't get new readers for a magazine if you tell them at the outset that they will face 10,000 word articles with titles like Industry Structure and Competitive Advantage in the Pharmaceutical Business.

The letter raises another interesting point: if, as it suggests, the careers of these business leaders have nothing to do with money, I wonder why they need to be paid so handsomely in the first place?



FROM LONDON, TOUCH THE WORLD WITH ROYAL BRUNEI AIRLINES.

A truly impeccable service to 27 destinations throughout the world. Where onboard you'll experience the gracious hospitality of our inflight attendants from all six ASEAN countries. Contact your Travel Agent or Royal Brunei Airlines Tel: London (0171) 5846660.

ROYAL BRUNEI
Touching the world

European TV: watch this space ... and this one ... and this one ...

Raymond Snoddy looks at the prospect of more than 500 channels across the continent

A digital television revolution is about to engulf Europe. Within two years, viewers will be offered a choice of programmes on a hitherto unimaginable scale. Satellites already launched or under construction will be able to broadcast more than 500 channels across the continent.

The clear outline of the digital TV future can already be seen in the US where since last year DIRECTV has been casting 150 channels to satellite dishes the size of small plates. Manufacturers expect about 1m dishes to be installed in the US by the middle of next year. The programming packages range from CommaChoice, a 24-channel service aimed at bars and restaurants, to a variety of sports channels including the NFL (National Football League) Sunday Ticket, which covers top "out-of-market" American football games - showing coast games on the east coast for example - every Sunday.

All of Europe's main subscription TV companies, including Canal Plus, France, Netel, which is owned by the French state, and Filmnet, with seven pay channels in 13 European countries, and British Sky Broadcasting, in the UK, have decided that digital satellite TV is the future and are advancing stages of planning.

Hundreds of millions of pounds are now being spent on the hope that a significant proportion of the viewing population of Europe will be prepared to pay for much more choice of programmes. For the consumer, apart from subscription charges and a charge towards pay-per-view (paying to see an individual film or sports event), there will be the cost of a new black box to decode the digital picture. SES, the Luxembourg-based

company that operates the Astra TV satellite system, plans to launch three all-digital satellites within the next two years, the first due in September. Together they will have 68 transponders - the device that receives and re-transmits the signal from earth for, what is at present, a single TV channel. On the digital satellite each transponder will be able to broadcast perhaps as many as ten channels. The precise number is determined by a trade-off between the number of channels and the picture quality required.

The size of the growing commitment to digital TV can be judged by the fact that more than 90 per cent of the capacity of the three Astra digital satellites has already been either contracted for, or is under option. At the same time Eutelsat, the European satellite organisation which is a consortium of the main European PTs, is also launching three Hot Bird satellites - the first was successfully placed in orbit last week and offers the option of using either the existing analogue technology or digital.

The great increase in choice offered by digital TV, and the big reduction in the cost of broadcasting each channel, is made possible by digital compression technology. With analogue, every line and frame of the picture is always transmitted, even though there are relatively few changes from line to line and frame to frame. When the picture is turned into a flow of binary numbers in digital only the difference between successive lines and frames are actually transmitted. Digital storage techniques then allow the original picture to be recreated and it is a picture that does not suffer from interference. The viewer has either got perfect reception or none at all.

Although there are still some technical issues outstanding, such as the standardising of standards, the questions hanging over digital TV are those relating to business rather than technology. For example, will the analogue be prepared to pay for the new receiving equipment needed to obtain the greater choice of programmes? "We think it is an essential part of the development of TV. We must begin the leading edge of it," says Robert Heron, of Nethold, a Dutch company already using digital technology developed by the UK to broadcast Channel 5 to Canal networks, will launch its digital satellite service to the consumer before the end of this year. It will use both Astra and Eutelsat satellites.

Pierre Lesca, chairman of Canal Plus, goes further, challenging digital TV to be a rather defensive French war. "It is a matter of French pride. If French channels do not go up there in digital it will be Americans, Germans, everyone," says Lesca, who will probably start with an initial 18 channels this October.

In the UK, BSkyB, in which Pearson, publishers of the Financial Times, holds a significant stake, is cautious and has not formally decided to go ahead, although detailed planning work is already being carried out which almost certainly includes options for Astra digital channels.

Sam Chisholm, BSkyB chief executive, regards the arrival of digital TV, and the extra choice it can offer, as inevitable and that joining the digital revolution is therefore only a matter of timing. BSkyB, has an installed base of around 3m homes with dishes.

But what would be shown on more than 500 channels across Europe? Such a total would of course include packages of distinct services aimed at the main language markets - English, French, German and Italian. But BSkyB is, for example, talking about offering 120 or more channels.

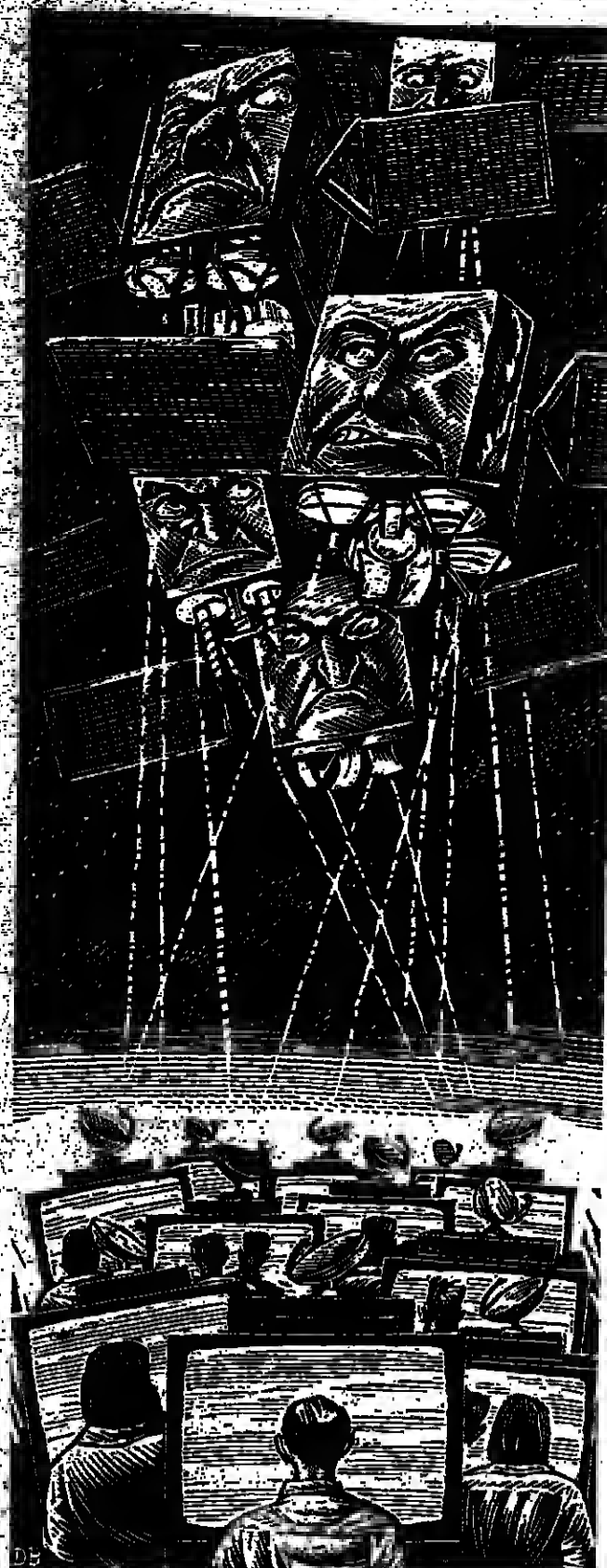
One of the main financial drivers of this development, it is hoped, will be near-video-on-demand, which takes the idea of a subscription film channel considerably further. Fifty or 60 digital channels would be dedicated to showing the top ten films of the moment. Each film would be shown on five or six channels but with staggered starts so that the potential customer, for say \$5, would never be more than 20 minutes away from the start of a bit movie. The other use of the extra channel capacity would be multiplexing - turning a single existing channel such as a movie channel into three or more channels and showing the films or programmes in different order, again to increase viewing opportunities.

The low transmission cost also makes it possible to offer a larger number of channels, including potentially more specialised TV. For example, the US already has The Golf Channel.

Digital technology can also bring extra choice to those who do not have satellite dishes by increasing the capacity of cable TV networks or broadcasting digital channels from land-based transmitters to normal roof-top or even set-top aerials. Both NTL, the privatised engineering and research wing of the old Independent Broadcasting Authority, and the BBC have recently demonstrated high quality digital terrestrial pictures.

The BBC, in the first live transmission to a set-top aerial broadcast widescreen digital TV with clear cinema-style pictures. Most parts of the UK would be able to receive at least 12 digital terrestrial channels within the existing frequency spectrum, although the Channel 5 to come, would have to be broadcast in analogue for 10 to 15 years to cover those who do not have digital equipment.

In business terms digital satellite TV is firmly in the lead at the moment. Digital terrestrial could get under way in the UK by 1997 but only if it gets the support of all the UK's main existing broadcasters, consumer electronics manufacturers, retailers and the government, which will have to produce a new regulatory framework for the new channels.



Time to censor cyberchat

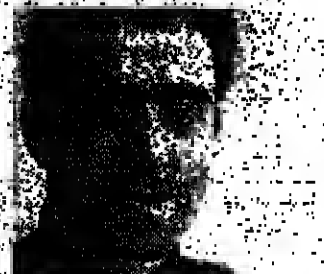
Wanted: enthusiasts, experts and hobbyists in any one of a hundred different fields, ranging from lepidopterology to UFOs. Duties: chairing discussions between other enthusiasts. Hours: entirely flexible. Place of work: home, office or beach, in your choice of 40 countries. Salary: \$12,000 basic, with generous performance-related bonuses.

No such job advertisement has ever appeared in a newspaper. But a similar offer has been publicised over recent months on the Microsoft Network, an international online service due for commercial launch this August.

As with many other occupations in the information age, there is no agreed title for the job. Microsoft calls it "forum manager" while others call it "system operator" or "sysop". Two years from now, those who perform it will probably just be called "moderators" - and will be recognised as among the most important people of the electronic media age.

The trend that has created such work is the growth in popularity and scope of electronic bulletin boards. Having started as private information services, usually accessible to a few hundred users by private subscription, bulletin boards became available to millions of Americans by virtue of being housed in with online services such as CompuServe, America Online or Prodigy, and are now open to the tens of millions across the world hooked up to the Internet.

The principle is simple enough. Discussion groups are arranged into different categories, known as "forums" on the online services and "newsgroups" on the Internet. Users dial in and see a list of messages, together with the



Tim Jackson

with the first of a weekly column

name of each message's author and the date and time of posting. The messages can be arranged in "threads" so that readers can follow the cut and thrust of each debate separately, adding their own thoughts if they wish. Proof of their popularity is that more than 120 megabytes of messages - the equivalent of half the volumes of the Encyclopaedia Britannica - are posted on 14,000 different Internet newsgroups each day.

In principle, a system of sharing information across a large range of specialised subjects ought to be of great value to humanity. At minimal cost, it can put in touch people with esoteric shared interests who live thousands of miles apart.

But electronic discussion groups have not yet lived up to their enormous promise. Since anyone is free to contribute, and only the most egregious obscenities or illegalities are filtered out by those who operate these systems, the messages tend to be tiresome and repetitive - and the newsgroups tend to attract cranks and time-wasters. It is no wonder that purveyors of chain letters and Holocaust revisionists are enthusiastic contributors, nor that debate often turns into abuse and acrimony.

Only a minority of discussion groups, many of them concerned with computer hardware and software, have managed to avoid this fate. In

most areas, the very professionals and specialists in the world who could most benefit from this way of information-sharing rarely use it. Upper ranks of companies, universities, reading groups and discussion lists is viewed as the intellectual equivalent of panning for a wasteful business. In fact it takes hours of mind-numbing search to find each nugget.

In an attempt to do better, Microsoft is trying to replace with real knowledge expertise in their chosen field, who will be able to more friendly and exchanges in its network. Bounties paid to network agents will not depend on the number of hours that forum managers are connected to services, but on a range of criteria such as the number of messages and files downloaded, and the frequency of contributions by prominent outsiders.

Computer skills will be important than in traditional forum managers should be familiar with its new Windows 95 operating system. It will be able to solve basic telecommunications problems.

But this approach still concentrates too much on quantity. Without quality control, busy people will be reluctant to search even if they know that valuable material is there

to be found. Microsoft defends its strategy by saying it is "not in the business of censorship".

Commercially, this may be a wise stance: accustomed to the thrill of seeing their own contributions published electronically, traditional discussion-group users may take offence when a moderator sends them a rejection slip. Until some form of editing is possible, though, the achievements of electronic discussion groups will never match their potential.

One solution is to use the very technology that made electronic discussion possible. Software can help readers filter out material or people they want to avoid, and search speedily for subjects or comments that interest them.

Toes are already being dipped in this water: some discussion groups place new messages in the middle of the list and promote them towards the top as more people read them - in the hope that the most-read messages that appear at the top of the list will be the best.

Ultimately, the most valuable discussion groups will be those whose managers become true moderators. Like newspaper editors or television producers, they will publish only the messages they consider truly worth reading, and they will actively solicit contributions rather than wait for others to bring ideas to them.

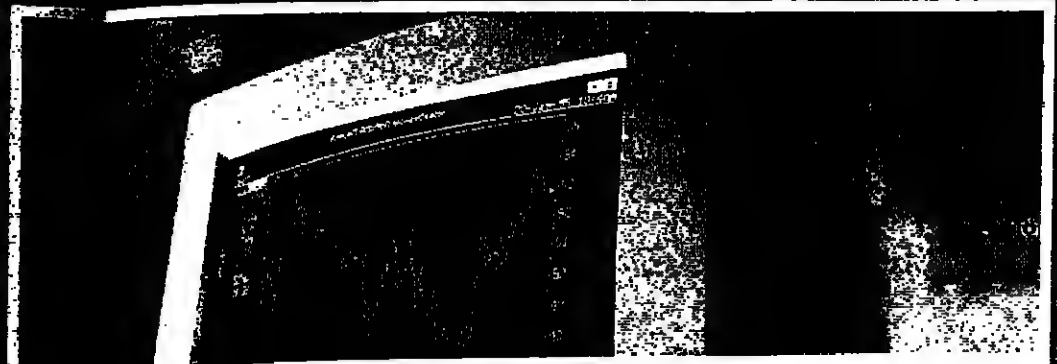
With active moderators, electronic forums can become the equal of magazines in their field, but with a spontaneity and freshness that only telecommunications can bring. Until the obsessive fear of "censorship" can be put aside, however, most electronic discussion is doomed to stay at the level of the radio phone-in. Tim Jackson: @pop3.demon.co.uk

IT'S NOT **WHO** YOU KNOW

IT'S PARTLY **WHAT** YOU KNOW

AND MAINLY **WHEN** YOU KNOW IT

Knight-Ridder Financial gives you control over the most valuable commodity of all: Information. It tells you what's happening around the globe in stocks, commodities, bonds, foreign exchange, derivatives, international debt and more - a total of nearly 100,000 instruments. At the same time, it keeps you abreast of the global business news that directly affects your bottom line. And the time lapse between what changes and when you know about it is measured in seconds.



So you can act quickly to capitalize on fleeting opportunities. You can, in fact, create your own opportunities. Because what sets Knight-Ridder Financial apart is Knight-Ridder Financial News: 250 Knight-Ridder reporters, operating out of 30 worldwide bureaus. Their bulletin flash nonstop on your screen, their analysis and background stories help you map out intelligent strategies. And they provide data on anything from French government bonds to the price of light sweet crude, delivered quickly and easily at any time. Knight-Ridder Financial is much more than instant news and price quotes. It's analysis, insight and understanding. And that's what gives real value to mere numbers. To find out more, call 4471-842-4000 London.

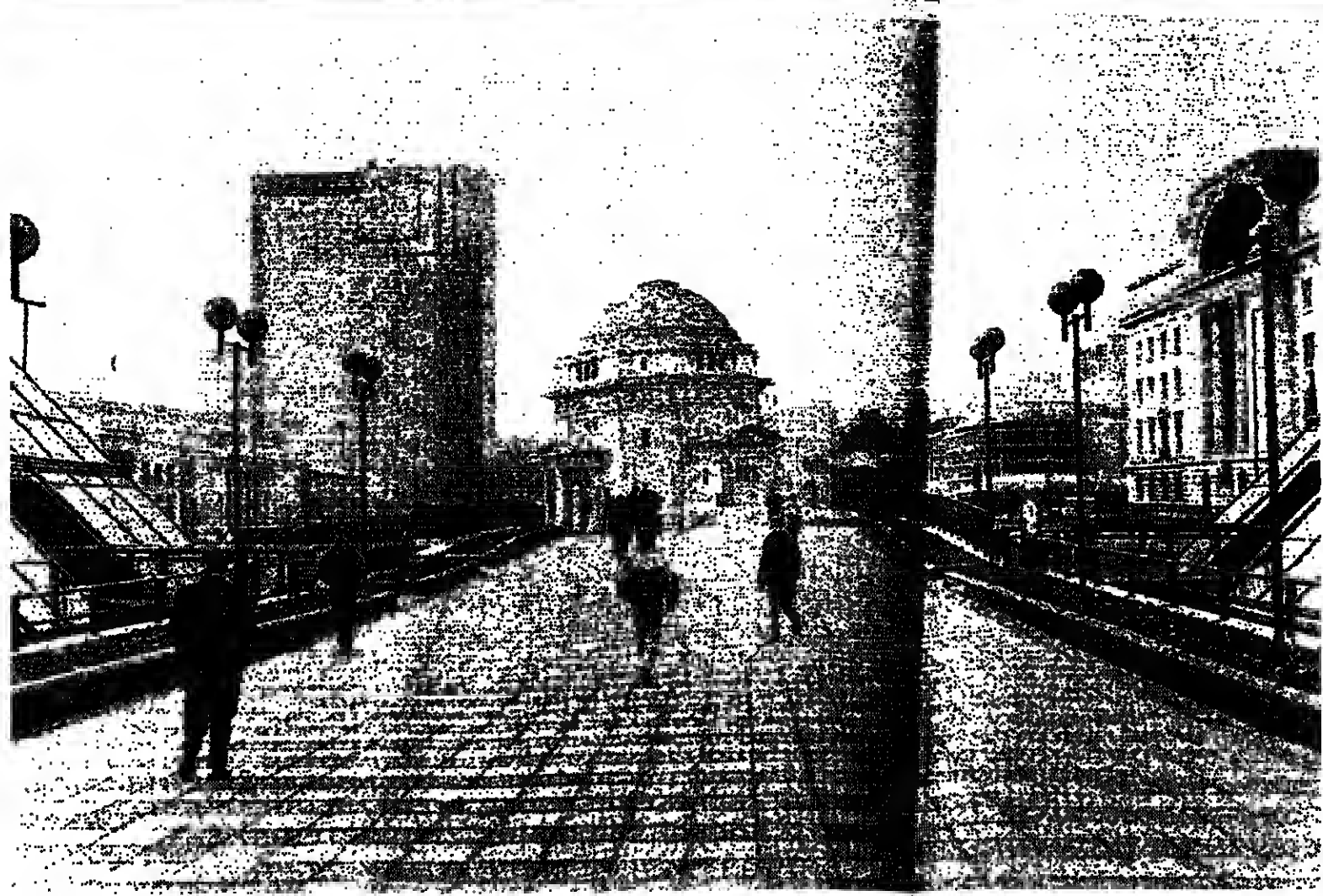


KNIGHT-RIDDER

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Stephanie Cox-Freeman on +44 0171 733 3694

ARCHITECTURE/SPORT



Birmingham: it made all the mistakes of the 1960s on a grand scale and has made equally heroic efforts to correct those errors during the 1990s

A telling tale of two cities

In the last week a tale of two cities has been unfolding in telling ways. John Gummer, secretary of state for the environment, has announced his department's planning strategy for London, and Argent, a private developer, recently unveiled its plans for a key part of the centre of Birmingham. This looks like a model piece of inner city regeneration.

There are real signs of hope in both these announcements because underlying both is an unspoken admission that the planning attitudes of the motorway mentality are fundamentally changing. Birmingham is a text book case of urban planning. It made all the mistakes of the 1960s on a grand scale and has made equally heroic efforts to correct those errors during the 1990s. In London things have taken longer because of the lack of any kind of capital-wide government and the attitudes of many London boroughs. Gummer's new London blueprint may well be the guidance that has for so long been lacking.

The part of Birmingham that looks set to be a model of urban regeneration is Brindleyplace. It lies to the west of Centenary Square where the new

Colin Amery takes an enthusiastic view of redevelopments in Birmingham and London

International Conference Centre stands. Until the area was designated for improvement it was a derelict and disappointing canal-side dump.

Argent bought Brindleyplace from Rosehaugh when that company went into receivership. It had outline planning permission based on a masterplan by John Chatwin. Chatwin reviewed his plan for the new owners and incorporated some of the important work from two other sources. One was Bill Hillier, a planner from University College London, who uses a special software programme - Space Syntax - to analyse and predict pedestrian movements. The other was a local community group, 'Birmingham for People', which is effectively co-ordinated by the Birmingham School of Architecture.

The key to the success of the Birmingham plans are that they are based on a mixture of uses for the eight-hectare site - housing is alongside business accommodation, art galleries and other leisure facilities. There is car-parking provision for up to 2,500 cars

but the scheme is not car dependent.

Architecturally the scheme for Brindleyplace is also sensibly mixed. There is room in our cities for well designed contemporary buildings that can combine function and vision. In Birmingham there will be a remarkable facility for an inner city, a Sealife Centre - a kind of giant aquarium designed by Sir Norman Foster. There is a new pedestrian square which has already been completed to the designs of the Townshend Landscape Architects. It has fountains and high quality York stone paving. Sculptures have been commissioned.

Birmingham's record as a commissioner of public art is second to none in Europe. Piers Gough has designed a light hearted and agreeable cafe which will be seen against a powerful office building designed by Porphyrios Associates and built in traditional materials.

There were two handsome older buildings on the site, a Christian Science Church and a listed 1877 Board School

which has been restored by the Levitt Bernstein practice. This will be used for the Ikon Gallery and has just received some much needed Lottery funding. There will also be a new theatre by the canal. The developers took the unusual step of completing shopping and restaurant schemes as the first phase along the canal. These will act as effective magnets for the office developments that will follow to give Birmingham a second commercial area to match the Victorian Colmore Row.

Homes have not been forgotten in the early phases and some 150 residential units are under construction. A sensible planning deal was struck with the developers not to build more than 50,000 square metres of offices until some residential space was also built. All the signs are that Birmingham has cracked the inner city problem in a way that is much talked about but seldom built. Mixed uses and a catholic mixture of architectural styles is what makes good cities.

The Gummer London Initiative also stresses that the heart

of the city must be repopulated and be less dependent on the car. The guidance also steers developers towards the revitalisation of shopping and commerce, as well as housing in the existing London 'town centres'. London is that still famous 'collection of villages' but each one needs to be carefully regenerated and not swamped by excessive traffic. London boroughs are being asked to plan for 280,000 new homes by the year 2006, marginally more than was asked for by the London Planning Advisory Committee.

But Gummer is surely right - people are what cities are all about and there should be an end to the zoning policies in London which have led to dark Georgian squares which were once houses and have been ruthlessly turned into office ghettos since the 1950s.

There is real hope in these two city plans. Birmingham is well ahead of the capital in its regeneration and has real lessons for London. Surely the Millennium Commissioners, under the chairmanship of Stephen Dorrell, should be thinking not of exhibitions and extravaganzas but of steady and practical schemes for the same regeneration and repair of our city centres.

Bosman: if he wins, football will never be the same

Who will end the year as the best-known footballer in 1995? Cantona? Gascoigne? Ronaldo? My bet says Jean-Pierre Bosman, a seriously average 20-year-old Liege player who is on the transfer list.

Bosman is currently more watched by lawyers than soccer fans, but he is about to devastate European football. Usually the pre-deadline transfer British market is a frenzy of seven-figure deals. Yet when the gate came down ten days ago, the modest £1.2m move of Norwegian player Jan Aage Fjortoft from Swindon to Middlesbrough was the biggest transfer registered.

Newcastle received a £7m fee from Manchester United for striker Andy Cole. Did manager Kevin Keegan go out and spend the windfall on new players for the Magpies? He did not. Chairman Sir John Hall is a canny self-made multi-millionaire and he kept the cheque book locked away while he watches Bosman dribble and feint. Shortly the judges of the European Court will decide on Bosman's claim that the current system of clubs selling players whose registrations they hold is unlawful - a clear breach of Article 48 of the Treaty of Rome dealing with the free movement of labour.

You'd find it difficult to make any prediction other than that the court will rule in Bosman's favour, 'commented Gordon Taylor, chief executive of the Professional Footballers' Association. 'And if he wins you'd be a foolish chairman to pay out million-pound transfer fees to a player who can just take a walk at the end of his contract.'

Taylor's clear opposition to a result for Bosman puzzled me. Surely the players' trade union would be in favour of their players getting richer? After all, instead of Newcastle selling Andy Cole, the footballer himself would pocket the transfer fee.

'Complete freedom to move would obviously benefit a few star players. But overall it would contract the game by shifting even more money towards a few big clubs and a couple of dozen top footballers,' cautioned Taylor.

Three-quarters of his 2,000 members play for clubs out-

SPORT



KEITH WHEATLEY

side the English Premier League. The current system rewards and keeps afloat teams that spot talent, develop it and then sell the players on to bigger clubs, says Taylor. By world standards a league of 92 full-time professional clubs is an enormous feat, and it is built largely on the transfer market.

In 1983 the PFA revolutionised sport and created modern football when it funded ex-Arsenal player George Eastham to challenge the minimum wage regulations in the courts. Mr Justice Wilberforce decided that players offered poorer terms at the end of a contract were entitled to leave their clubs and sell themselves to the highest bidder. If the club were to keep a marketable registration they had to renew the player's current arrangements.

You could search the back pages of the British press without success looking for the Bosman story, but it is attracting interest at Westminster. Tom Pendry, the Labour front-bench spokesman on sport, has been monitoring the case.

'It has the most massive implications for our national game,' says Pendry. 'At one extreme you will get a very few players asking for the moon - and getting it. At the other, without transfer fees trickling down to them, you will see many of our smaller clubs going out of business.'

'Both the government and the FA should begin working to try to alleviate the worst effects of what now looks to be inevitable.'

There is a subsidiary aspect of the Bosman case which could also have important repercussions throughout British football. The four-year-old restriction on the

number of foreign players in any one team was intended as an interim measure and could be swept away by the Court finding for Bosman, and European principles of a borderless labour market.

'I want players to be free, so that they can work wherever they want within Europe. I want footballers to have the rights of every other worker within Europe,' proclaims Bosman, whose transfer to Dunfermline was frustrated by the club's inability to agree the price to be placed on his head.

Anyone who thinks that football club 'owners' (there are still only two listed clubs and many more are controlled by individual wealthy individuals) would not be tempted by a brace of cheap Croatian or Romanian strikers, has not been following the US baseball strike and the use of 'replacement' players.

The PFA is genuinely torn between the goal of greater freedom for its members to control their own lives and careers, and the greater good of the game as a whole. Its lobbying of UEFA, a party to the case, has stressed the merits of a British-style system with limited freedom for players to walk free at the end of a contract.

None of the above impresses Eric Hall, the most successful agent in British soccer, a free-wheeling, fast-talking former record-plunger for whom every deal is 'monstrous big'. He can't wait for his clients, who include England stars Denis Wise and Neil Ruddock, to start negotiating their own transfer fees.

'Why should a club get money from selling a player when his contract is over?' asks Hall. 'If they don't like the new world that's coming, they could always give longer contracts. They can't have it all ways. Football clubs have had a very cosy world for years. I could name you good players in reserve football, training on their own, stuck in no man's land because clubs won't sell them for less than what some ledger says is their official value. That ain't fair.'

But if Bosman wins, won't the agent, the ultimate go-between, schmoozing between clubs, disappear? 'It can't put me out of a job,' gloats Hall. 'It will make my schtick monstrous better.'

THE REPUBLIC OF POLAND THE MINISTRY OF PRIVATISATION

INVITATION TO NEGOTIATE

The Minister of Privatisation, acting on behalf of the State Treasury of the Republic of Poland, pursuant to Article 23 of the Act on Privatisation of State-Owned Enterprises of July 13, 1990 (Journal of Laws No.51, item 298, with subsequent amendments) invites all interested parties to negotiate the purchase of a package of shares constituting at least 10% of the share capital of the Company:

ZAKŁADY MIESNE W KOLE S.A.
(ZMs w Kole)
with the seat in Kolo

Pursuant to Article 24 of the Act on Privatisation of State-Owned Enterprises, the Minister of Privatisation will offer on preferential terms up to 20% of the shares of the Company to the staff employed in the state owned ZMs w Kole on the day of the transformation of the enterprise into the Company and up to 20% of the shares of the Company to the farmers supplying the Company with agricultural and up to 20% of the shares of the Company to the farmers supplying the Company with agricultural products under contract or agreements of co-operation.

Pursuant to Resolution of the Council of Ministers No.86 of October 4, 1993, the State Treasury will retain 5% of shares of the Company as a property reserve of the State Treasury for the purpose of privatisation.

In order to record your interest and receive a copy of the Information Memorandum, please contact:

Business Analysts & Advisers Ltd Sp. z o.o.
00-515 Warsaw, ul. Zurawia 22
tel. (48 2) 621 41 67
(48 2) 625 45 26
fax: (48 2) 628 58 35, (48 2) 625 45 96

Attn: Grazyna Majcher-Magdziak
Marcin Cieplinski

The information Memorandum will be made available (sent) to the interested parties upon receipt of a signed confidentiality agreement.

In accordance with the terms as specified in the Information Memorandum, the deadline for submitting offers for the purchase of shares in the Company is 25 April 1995.

The Minister of Privatisation reserves the right to deem the offer null and void and to renounce negotiations with no expressed reason.

Recommended Cash Offer on behalf of

Danka Business Systems PLC
("Danka Business Systems")

to acquire the whole of the issued share capital of

Southern Business Group PLC ("SBG")

not already owned by Danka

Lazard Brothers & Co., Limited ("Lazard Brothers") announces on behalf of Danka Business Systems that, by means of a formal offer document (the "Offer Document") to be dated and despatched on Saturday, 1st April, 1995, and by means of this advertisement, Danka Business Systems, through Lazard Brothers, makes an offer (the "Offer") to SBG shareholders to acquire the whole of the issued and to be issued ordinary share capital of SBG not already owned by Danka. Terms defined in the Offer Document have the same meanings in this advertisement.

The offer for SBG shares is on the basis of 70p in cash for each SBG share. The full terms and conditions of the Offer are set out in the Offer Document.

The Offer is not being made directly or indirectly in the United States, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce or, or of any facilities of a national securities exchange of the United States. This includes, but is not limited to, the post, facsimile transmission, telex and telephone. Persons wishing to accept the Offer must not use such mails or any such means or instrumentality for any purpose, directly or indirectly, in connection with the Offer and so doing, may render invalid any related purported acceptance of the Offer.

The Offer is being made by means of the Offer Document and this advertisement and, subject to the despatch of the Offer Document, will be capable of acceptance from and after 12.00 noon on Saturday, 1st April, 1995. Acceptances of the Offer should be received by not later than 12.00 noon on Saturday, 22nd April, 1995 (or such later time(s) and/or date(s) as Danka Business Systems may, subject to the rules of the Code, decide). Copies of the Offer Document and Form of Acceptance will be available for collection from Lazard Brothers & Co., Limited, 21 Moorfields, London, EC2P 2HT.

This advertisement is published on behalf of Danka Business Systems and has been approved by Lazard Brothers, a member of The Securities and Futures Authority, for the purposes of section 57 of the Financial Services Act 1986.

You should note that, in connection with the Offer, Lazard Brothers is acting for Danka Business Systems and no one else and will not be responsible to anyone other than Danka Business Systems for providing the protections afforded to customers of Lazard Brothers or for providing advice in relation to the Offer.

The Directors of Danka Business Systems accept responsibility for the information contained in this advertisement and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

3rd April, 1995

150 مائة الف



LONDON, COVENT GARDEN

The Royal Ballet has brought a new production of the Russian ballet 'The Sleeping Beauty' to Covent Garden.

PARIS

Few artists have experienced the turbulence of 20th century Europe like Igor Stravinsky.



ARTS

ROME

Rossini's 'The Golden Cockerel' is the first production to be staged by the Teatro dell'Opera under an exchange agreement with Britain's Royal Opera.

SALZBURG

The centenary of the year's Salzburg Easter Festival falls on Saturday.

LONDON, BARBICAN

The Royal Shakespeare Company gives the London premiere of two of its 1994 Stratford successes.

Squalor gives way to banal squeaks

David Murray finds Alfred Schnittke's *Life with an Idiot* has little to recommend it

A post-modernist is, I suppose, someone who doubts that being modern is the only way of being modern. By logic, if there were now a recognised modern style - in music, architecture or anything else - it could not be post-modernist. But mostly there is not so by default, the "post-modernist" has been elevated to the status of a nameable style. There are truly post-modernist artists, of course, the ones who deliberately seek and find ways of pursuing their art which bypass currently established modes ("post-modernism" among them). Other wise the "post-modernist" is a capacious umbrella for all manner of things - eclecticism (whether thoughtful, random or sentimental), confrontations of "old" and "new", fragmentation (real or only apparent), irreverence, pastiche or a consciously ironic stance.

The Russian Alfred Schnittke (b. 1934), whose opera *Life with an Idiot* reached the stage of the English National Opera on Saturday, started to count as a "post-modernist" from the late 1960s. The post-modernist Russian, indeed, almost an international totem of the glasnost years. Before then, he had been a merely a talented, Soviet composer with an unorthodox interest in Western serialism d la Schoenberg.

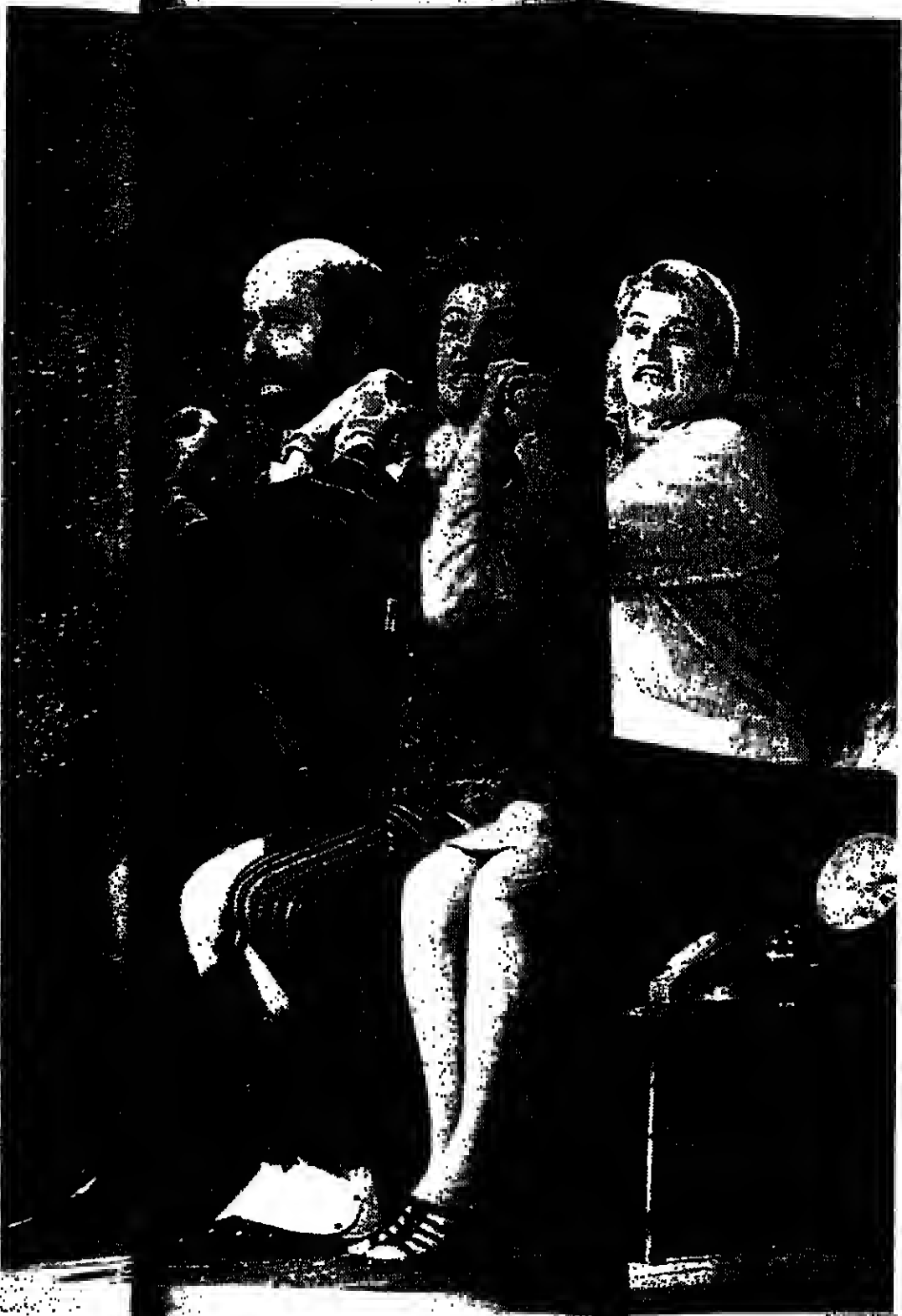
His success in the West began after he branched out more recklessly, first with Shostakovich-like interjections of wry, waltzes and military marches, then using quotations from Classical scores and raw snippets of folk music, film music, style too, and occasional candid resorts to the feeling rhetoric of the Soviet period. Often he did that with original panache. We began to detect a singular personality - heart-on-sleeve but elusive, knowing and innocent, nostalgic but grimly contemporary - behind his laudable juxtapositions.

With Rostropovich and Gidon Kremer championing his works in the West, Schnittke has garnered many commissions and remarkably large non-specialist crowds, only some of whom would probably be guilty of the Arvo Part, Gorecki or John Adams penitents (let alone Michael Nyman or Philip Glass). The expressively fractured burden of Schnittke's music wants an audience which can hear jarring differences between one passage and the next, not just swallow everything tamely as it comes.

In 1962, when he was still out of official favour, Schnittke wrote an opera (about an airplane pilot's moral crisis) that was neither published nor performed. Thirty years later, he hit upon Victor Krotzky's short story *Life with an Idiot*, and enlisted the author's help in making an opera of it. No easy task, for it is a raving monologue for a first-person narrator - a familiar Russian genre: Tom Courtenay brought another low-life example, *Moscow Stations*, to the Garrick Theatre last year - and the tale he has to tell is really too scabrous to bear staging.

The narrator "I", a member of the intelligentsia, has somehow fallen foul of the authorities. The punishment is that he and his Proust-loving wife must share their flat with a lunatic, to be chosen from the local asylum. He hopes to find a harmless "foxy fool", not a mere cretin, what he brings home is Vova - filthy, vaguely professional and unable to say anything but "Ech!" Soon Vova is destroying their books and furniture, then he rapes the wife, who succumbs with some enthusiasm, and later the husband too.

Eventually this degenerate *foxy d touts* ends when Vova lacks off the wife's head with a pair of secateurs and flees, and the husband - still besotted with his darling Vova - finds himself in the asylum. It is, I suppose, some kind of dark parable,



Alasdair Elliot, Quentin Hayes and Louisa Kennedy in a scene from *Life with an Idiot*.

As for the "idiot", speaking seething with pathetic phrases, Alasdair Elliot plays him as a per little robot with a giant phallus. The latter caused trouble in the Dress Rehearsal, but in the thing more assigned to him, the pathos loses a vital strand in action, reduces it to a series of mechanics. Jonathan Miller's resourceful production, nowhere near the gristliness of later scenes, where the husband should be frolicking in a tomato juice and blood, seemed to leave the score, all "post-modernist" patches. Though it serves well enough for quick introductory cartoons in Act 1, it makes nothing of the lusty horrors of Act 2 - just jumps, slides and yelps, exactly like the couple's moral collapse into squalor, the opera itself collapses into banal squeaks.

Schnittke has suffered a series of strokes since 1985, one of which disrupted the composition of *Life with an Idiot*. It shows, I fear, as a piece with little to recommend it, but the promise of stage squalor, which are inevitably ordered far too tidily here to satisfy lubricious tastes.

Why Berkoff is big abroad

Foreign audiences have been seduced by the master of bile and burps, writes Michael Church

According to *Le Figaro*, the play is the work of a genius-provocateur, "exhilarant, extreme, scandalous, poetic". *Le Monde* opines that the author's "irascible volubility scores a huff-eye, even in translation". *L'Express* warns "prudish spirits" to keep their distance. *L'Humanité*, on the other hand, can only perceive in it the vacuous bluster of *l'innocence de droite*. "Astringent and purifying" is the verdict of *L'Aravis*. Rubbish, replies the critic of *Theatre Chronique*. "The play is simply bad faith masquerading as art. The public has been seduced."

Indeed it has. The new production of Steven Berkoff's *Decadence* at the Theatre de la Colline in Paris has had its run extended, in response to popular demand. The day I saw it, the play was followed by a British Council-sponsored debate on "le theatre de Steven Berkoff et les années Thatcher". The audience stayed arguing till nearly midnight: no matter that the target was the departed ruler of another country.

It is very strange, Berkoff is not a prophet without honour in his own country, like Edward Bond reviled at home, adored in central Europe, or like the unfortunate Arnold Wesker (cherished in Japan). But Berkoff's plays have been performed in 36 countries, and translated into many languages. It is not what you would predict for a maestro of bile and burps, whose language is rooted in the stews of Soto and the gutters of London's East End.

Berkoff's own explanation is typically untainted by modesty. "It's because of the universality of our material. We break down the barriers of cultural identity. Cultural differences are only skin-deep, but so is most theatre, which is why it doesn't travel well. The only place we've had problems with is the American East Coast, and that's because audiences there are fed on hamburger-culture. New York is a contaminated zone." His *Home* may have earned him the worst British reviews of his life, but it was loved in Germany and Israel. Andrus Wajda proclaimed it the best *Hamlet* he had seen.

Berkoff's autobiographical play *Knecht*, in which North American life is refracted through the eyes of a British playwright with a second career playing Hollywood villains, ran for seven years in Los Angeles. His version of Wilde's *Salome* has toured Europe and the Far East. "Berkoff saves his face and grace!" is a literal translation of the headline to Asahi Shimbun's review of *Metamorphosis* in Tokyo. Last year he took his one-man show *One Man*

- a sulphurous triptych blending neo-Nazi satire with Edgar Allan Poe - to Australia and Brazil. This, he claims, hit no cultural snags at all. "People laughed at exactly the same points, whether in Sydney or Sao Paulo."

Decadence, in which two actors play alternately a morose rich couple and a pair of suburban debauchees, died a quick cinematic death in London last year. The film may be overlong, but Berkoff and his co-star Joan Collins walk their stylistic tightrope with glittering assurance. As it happens, Jorge Lavelli's production for the Theatre de la Colline starts with precisely this image, as Christine Ceboudy undulates towards her partner Michel Amont along a fine beam of light stretched across the stage.

These celebrated actors deliver Berkoff's obscene arias with Comedie Francaise brio. Lavelli has directed them like dancers, on a black set which is bare save for two crescent-shaped sofas. He has wisely made no attempt to transpose the setting to Paris: its social collisions are ineradicably English. The slant he has put on the final scene, with the actors taking off their wigs and turning towards the audience with a slow scowl, is highly effective.

Lavelli has already directed *Knecht* and *Greek* on this stage, and ood finds directors from other countries beating a path to his door. "They come here to see how Berkoff can be played." Asked for his explanation of the Berkoff vogue, Lavelli's own prose takes wing. "He's a liberating force, a tonic, the enemy of limps and flaccidity. He's a demolition-man. He's created his own artificial language, through which his voice fills the stage. At present, no other playwright is doing that."

In Britain, Berkoff is seen as part of the furniture, a gossip-columnist's stand-by. In France he is a great writer. Ceboudy, who starred with Romain Polanski in the Paris production of *Metamorphosis*, recalls the humility with which the Polish actor-director submitted to Berkoff's directorial tantrums.

When I ask whether the author has commented on the current production, Lavelli looks pained. "He hasn't sent a word. Not even a postcard. Perhaps he includes us too in his universal detestation. Yes, that is a question I have to ask myself. He mournfully shakes his head."

Decadence is at the Theatre de la Colline until April 16.

INTERNATIONAL ARTS GUIDE

BERLIN

OPERA/BALLET
• *Salome* by Richard Strauss. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.

LONDON

CONCERTS
• *Salome* by Richard Strauss. Directed by John Turturro. 8pm, Apr 5, 8.

Mussorgsky, 3pm, Apr 9.
• *Salome* by Richard Strauss. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.

CONCERTS
• *Salome* by Richard Strauss. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.

CONCERTS
• *Salome* by Richard Strauss. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.

CONCERTS
• *Salome* by Richard Strauss. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.

CONCERTS
• *Salome* by Richard Strauss. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.
• *La Traviata* by Verdi. Directed by John Turturro. 8pm, Apr 5, 8.

WORLD SERVICE
BBC for Europe can be received in western Europe on Medium Wave 648 kHz (453m).
EUROPEAN CABLE AND SATELLITE BUSINESS TV
(Central European Time)
MONDAY TO FRIDAY
NBC/Super Channel:
07.00
FT Business Morning
10.00
European Money Wheel
Nonstop live coverage until 14.00 of European business and the financial markets
17.30
Financial Times Business Tonight
Midnight
Financial Times Business Tonight

David Friedman's anarchic vision

On a recent sojourn in Chicago, I made a point of visiting an unorthodox political theorist: David Friedman, son of Milton Friedman, the eminent economist. If you regard Friedman senior's views as extreme, you may as well abandon this column now. The son makes the father look like a fuzzy social democrat.

Milton Friedman is famous for advocating smaller government and greater reliance on market forces. David Friedman, Olin fellow at the University of Chicago law school, is a self-styled "anarcho-capitalist". He would abolish all government on the grounds that everything we want can be better provided by competitive private markets.

The word "anarchy" frightens people – not least the affluent who fear their property rights would become worthless. But Friedman junior is not advocating lawless disorder. He started out, like his father, as a "classical liberal". He had little time for the welfare state, arguing that the private sector can (and does) provide social services such as education, healthcare and pensions. But he nonetheless accepted that government had an essential role, in providing the legal and institutional framework necessary if people were to feel secure and markets were to function efficiently.

Then he read Robert Heinlein's novel *The Moon is a Harsh Mistress*, which depicts life in a lunar colony that lacks any government or conventional legal system. It struck him that there is no fundamental reason why private markets should not generate law and order, as well as more conventional goods and services. This "final frontier" for markets is explored in David Friedman's book *The Machinery of Freedom: Guide to a Radical Capitalism* (Second Edition 1989, published by Open Court, La Salle, Illinois) and, more recently, in a 1994 paper "Law as a Private Good" in the *Journal of Economics and Philosophy* (Cambridge University Press).

Friedman imagines a society in which individuals purchase protection for themselves and their property from private



MICHAEL PROWSE
ON AMERICA

companies, rather as we now buy home or car insurance. Suppose my home is burgled. Instead of calling the police, I notify my protection agency. It investigates the crime and identifies a likely suspect. Suppose he has a contract with a different protection agency. What happens? A mini-war, say critics of private law enforcement, because the suspect's protection agency would forcibly resist my agency's attempts to arrest him.

This is not, in fact, probable. Warfare, as Friedman puts it, is expensive. A protection agency that frequently resorted to physical violence would go bankrupt. The more likely solution is advance contracting. Agencies would agree in advance that, in the event of a clash, they would abide by the decision of an independent arbitration agency – a private court. If my agency produced sufficient evidence of wrongdoing, the suspect would be held pending the court's decision.

In these circumstances, argues Friedman, both law enforcement and law are private goods produced on a private market. "Law enforcement is produced by enforcement agencies and sold directly to their customers. Law is produced by arbitration agencies and sold to the protection agencies, who resell it to their customers as one characteristic of the bundle of services they provide."

The notion of law as a private good is apt to induce intellectual vertigo. There would not be one set of legal rules, delivered from on high, but several competing sets of rules. To some degree people would be able to choose the laws they wanted. For example, if I felt that capital punishment was

wrong, I would pick a protection agency that favoured courts (and associated legal systems) that reject capital punishment. So long as those with whom I clash have similar views, there would be no risk of capital punishment. Of course, if the other party has a contract with an agency that favours capital punishment, there is an unavoidable conflict: one or other agency has to give way.

Friedman points out that the normal forces of competition would produce legal reforms that benefit everyone. If some change in the legal rules currently prevailing between two protection agencies would benefit both sets of clients, they have an incentive to persuade the arbitration agency to make the change, or to shift to a court favouring the superior rules. Suppose the change benefits the customers of one protection agency but imposes costs on those of the other. If the benefits outweigh the costs, there is an incentive to make the change and compensate the losers. The legal systems that flourish would thus be those most responsive to individuals' preferences.

Is Friedman's scheme theoretically feasible? Some critics argue that one protection agency would inevitably become dominant; others that a system of competing protection agencies would eventually become a collusive network in either case, physical force would be concentrated in one body, which would become a de facto government. The state, in other words, is an unavoidable fact of life. Yet the objections tend to be vague: critics do not explain precisely what it is about law enforcement, or law, that would lead to monopoly or collusion.

For all practical purposes, Friedman is in the realm of fantasy. When so many people oppose even tiny cuts in government, it seems quixotic to propose scrapping the entire caboodle. And yet I can see why Friedman finds anarcho-capitalism so alluring. In his world there would be no place for politicians of any stripe: everyone would be working productively to satisfy the desires of fellow citizens, isn't that an appealing thought?

Britannic Tower, the second tallest office building in the City of London, and the headquarters of British Petroleum since the late 1980s, lies empty. After halving its administrative staff in central London over the past three years, the company decided the monumental tower was surplus to requirements.

BP is not alone among multinationals in reducing the amount of its head office space. Imperial Chemical Industries, the chemicals group, has vacated three central London office buildings in recent years, though it retains its imposing Millbank headquarters in Westminster. In Paris, Société Générale, the bank, is leaving many smaller, older buildings in the city centre to occupy a new headquarters block with less office space in La Défense, the business district.

These moves are partly driven by companies' desire to do away with expensive and unwieldy management structures. Thus Shell's decision last week to simplify its management structure and slim down its head office will inevitably reduce its requirement for office space in London and The Hague.

But many companies are seeking similar efficiencies away from the glamour of head office. This could dramatically reduce the amount of space that businesses occupy and concentrate demand on efficient, modern buildings. Older premises may never find tenants or lie vacant for years.

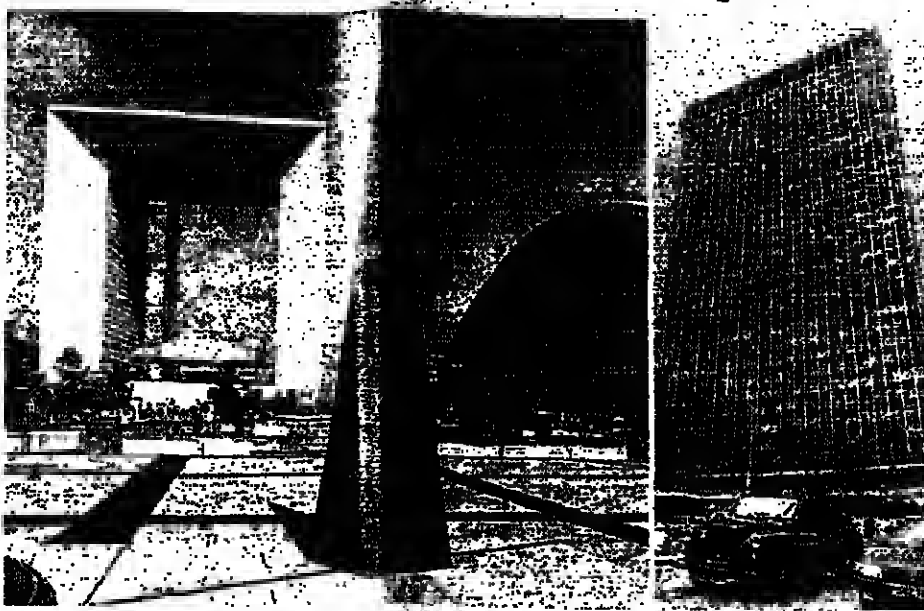
There is a growing awareness that property – which accounts for about 40 per cent of the assets of UK industrial and commercial companies – has often been under-managed. While businesses apply rigorous capacity utilisation tests to their factories or warehouses to make sure they get value for money, the same techniques have rarely been applied to their offices.

A traditional five-day week leaves offices idle for 80 per cent of the time – but even during working hours, the space may be under-utilised. Before it adopted flexible working practices to improve office use, International Business Machines reckoned that the desks in its UK sales offices were occupied for only about 25 per cent of the working week.

When property values were rising, companies did not regard low utilisation as a problem. Capital invested in large buildings often provided a better return than compa-

The incredible shrinking office

Simon London on the trend towards more stringent management of workspace



Moving story: La Défense (left), site of Société Générale's new headquarters; and Britannic Tower

nies' underlying businesses. In an era of stable property values, though, the waste of resources is more obvious.

"The office will be the subject of the same radical focus on productivity as industrial assets were in the 1980s," says Mr Bruce Lloyd, head of the international management programme at London's South Bank University.

Many manufacturing companies are now looking hard at their use of office space. When Whirlpool, the world's largest manufacturer of domestic appliances, acquired the European white goods business of Philips five years ago, it increased the productivity of its manufacturing space by 25 per cent and halved the number of distribution warehouses. It now plans to reduce the administrative staff by 15 per cent, and is seeking an even greater reduction in the company's use of office space.

Such efficiencies can be achieved by applying management techniques to property for the first time. In Whirlpool's case, the company has set standards for the amount of office space each job should occupy.

One management tool now

widely used for reducing property costs is benchmarking – comparing the way similar companies use their property to find the most efficient techniques. Through benchmarking, companies pool data on their consumption of space per employee, costs per square metre and the investment performance of their buildings.

More radical approaches involve adopting flexible working practices that further reduce demand for office space. These include "hot desking" – where employees work from any free desk in a building rather than occupying a fixed space – and asking employees to do more work from home.

Providers of information technology such as IBM and BT – whose products make flexible working possible – have been first to explore these possibilities.

Three years ago, IBM's UK sales and marketing staff each occupied about 230 sq ft of office space. With the introduction of practices such as hot desking this has been reduced to 180 sq ft. The company estimates that new working practices have reduced its total consumption of office space overall by about 10 per cent,

saving £12m a year.

The long-term impact of flexible working is not yet clear. Companies such as IBM have concentrated on changing working practices among their "mobile" sales and marketing staff by equipping them with portable telephones and computers.

A similar revolution for "static" administrative jobs would involve home working. According to government figures, about 5 per cent of the working population of Britain work from home, but few are genuine teleworkers using telecommunications to work away from the office.

The US is probably furthest ahead. The Institute for the Study of Distributed Work, based in California, estimates that, between 4m and 5m people, or between 2 and 5 per cent of the US workforce, are teleworkers. But many in the property market predict resistance to home working, even if employers can see cost benefits. On this view, the office is as much a place of social interaction as a workplace.

Indeed, many companies which explored home working in the early 1980s have not extended the practice, in addition

tion to facing resistance from some staff, companies have found it more difficult to create a team environment when employees are working from diffuse locations.

Even so, many companies estimate that their office space requirement will fall by 25 per cent over the next few years due to a combination of management efficiency and flexible working. This could have a big impact on property markets, leaving many poor-quality office buildings vacant for years to come.

New working practices demand different types of building. Some companies moving out of giant headquarters buildings may do so because they want smaller, more flexible management units away from the centre.

Others that retain a sizeable head office want a more modern building, such as IBM's showcase sales and marketing headquarters at Bedford Lakes, near Heathrow Airport, which replaced three older sites in west London.

"We could not have made the same advances in working practice within our old buildings," says Mr Michael Brooks, IBM's property director.

The Bedford Lakes building is designed around a large atrium, which is used as an informal meeting place as well as a canteen. The open design is said to increase the flow of ideas and information around the building.

"To use an analogy, people have a choice between factory farming and free range. They are increasingly opting for free range," comments Mr Stuart Lipton, chief executive of Stanhope, the property development company.

The question facing the property market, then, is what will become of old, inflexible office buildings?

Better sites, including Britannic Tower, could be refurbished and re-let. Even in poor locations, interesting buildings may find alternative uses as hotels, apartments or student accommodation. But unsuitable office blocks on unsuitable sites – many of them built during the late 1960s property boom, the heyday of office investment – face an uncertain future.

"Occupiers are no longer going to take a building simply because it is cheap. They have realised that buildings which are cheap to occupy are usually inefficient, expensive to fit out and impossible to sub-let," says Mr Lipton.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "fine"). Translation may be available for letters written in the main international languages.

Team concept embodied in sport vital to business

From Mr J M Paton

Sir, It would seem from Mr Donkin's article that Will Carling has been given the credit for rediscovering the wheel ("Management: Captaining the business squad", March 24). Some 40 years ago I attended interviews on the "milk round" and with few exceptions was quizzed about sporting achievements. It seems eminent good sense to acknowledge that the team concept embodied in sport is fundamental to the running of a successful business. Success is not about getting to the top of the mountain, it is about getting the whole team to the top.

However, in the case of the England team they are probably the best squad in the northern hemisphere, but one which in recent years has failed to achieve its full potential.

It seems to me that excessive back slapping may have dulled the awareness of this fact, and there remains a leadership problem to be tackled.

Further, the regrettable outburst by Brian Moore after the game against Scotland was surely an embarrassment to Carling and the team and hints at a leadership weakness.

J M Paton,
Culver House,
Chester Road,
Middlewich,
Cheshire, UK

Price war truth put on the spot

From Ms Jane Reed

Sir, News International is not, nor ever has been, spot buying paper ("Good times roll for newspaper suppliers", March 25). Pricing levels enjoyed by News International have not "funded the price war".

Our newspapers' profits and extra sales and advertising revenue are funding our competitive and consumer-orientated cover pricing policy.

Jane Reed,
director of corporate affairs,
News International,
PO Box 495,
Virginia St,
London E1 9XY, UK

Commonwealth offers keen contrast to Europe's desire for conformity

From Mr Alan Greene

Sir, The editorial praising the virtues of the Commonwealth Club worth rejoining (March 21) made welcome reading.

Among the Commonwealth's members are some of the world's fastest growing economies.

The UK, meanwhile, seems oblivious to the potential, focusing its attentions on a col-

lection of relative has-beens that do not readily speak English and have different technical standards across a range of products, not least driving on the other side of the road.

The Commonwealth portrays a spirit of outward-looking vitality and tolerance, while national identity is retained. Europe seems to desire standardisation at the level of the

lowest common denominator and then to ring-fence this so-called utopia from non-members.

However, while sterling is apparently pegged to the US dollar and not the DM, hope remains for the Euroceptics or Commonwealthers.

Alan Greene,
28 Glen Road,
Fleet,
Hants GU13 9QR, UK

First World arrogance and global warming

From Dr Jörg Schimmling

Sir, Your editorial on global warming (March 27) displays a first world arrogance which contrasts with the otherwise exceptional standards of your paper. You are right to hint at the lack of scientific consensus. Still, relying on "the human race's well-demonstrated ability to adapt to a changing environment" argues the case for ignoring the threat.

To do so amounts to assuming that nature will show its gentle side whatever action is taken. Any businessman would be ill-advised to adopt this strategy as long as the range of outcomes, let alone their probabilities, are unknown. But with seemingly natural but possibly man-made disasters and, thus, billions of pounds at stake, it is irresponsible.

Most scenarios suggest the developing world will bear the brunt of such disasters. For

Bangladesh or some Pacific island states global warming would threaten their existence. No rational individual can be expected to ignore danger if his own life is at risk. For developing countries, ignoring warnings of global warming is like playing Russian roulette – except in the latter at least the probability of losing is known.

Jörg Schimmling,
Department of Economics,
Osnabrück University,
49069 Osnabrück, Germany

The ideal package for the City professional

From the Hon C C Lyttelton

Sir, I would like to add to Prof Charles Goodhart's excellent article (Personal View, March 25). A professional in the City should get a salary, to support living costs, a bonus, to reflect performance, and a shareholding reflecting long-term commitment.

The latter is significant as it includes "downside" potential. The only way City institutions which are not largely employee owned can reflect this is through "phantom shares".

reflecting longer-term performance to a degree. But these are not as effective as actual ownership in limiting excess.

The Baring situation arose in part because ownership accountability lay mainly in a charity: management could pay out larger proportions of profit in bonuses than was desirable. Prof Goodhart sees this, and a trader's responsibility to operate with his firm's capital, as a recipe for disaster.

Agency institutions should recognise in bonus allocation

the "contribution" margin of a department (the share of the company's fixed central overhead it carries) and its profit margin. That avoids the situation in which volatile, low-cost businesses benefit in good years to the disadvantage of more pedestrian but solid businesses which ensure the company survives slower years.

Christopher Lyttelton,
NCL Investments,
Bartlett House,
9-12 Basinghall Street,
London EC2V 5NS, UK

Comprehensive car insurance for Europe overdue

From Mr Roy Jenkins

Sir, "To be able to go down to Victoria station and buy a ticket to anywhere I bloody well please" – that was how Ernest Bevin characterised his foreign policy in 1945.

Fifty years later, we more or less can go where we please by air or sea, but not so easily by road, despite the Channel tunnel.

In the mid-1960s, I managed a Dutch company for a UK group. My Dutch company car

insurance at that time covered anywhere in the then EEC and Efta.

Whenever business called, I simply got in the car and went.

From the UK today, by way of contrast, I have to mess about with Green Cards and to give details of my proposed itinerary.

Green Flag offers a breakdown policy which treats the whole of Europe as one integrated area.

Is there in fact anything to

prevent one of the Road Traffic Act insurers from showing the same sort of enterprise – that is, by offering the traveller similarly comprehensive car insurance?

Last year, I drove slightly further on the right than on the left, but would really like to buy British insurance nevertheless.

Roy Jenkins,
36 All Saints Road,
Cheltenham,
Gloucestershire GL53 2HA, UK

BBC World is a new 24-hour TV news and information channel. With our in-depth analysis of the latest news, as well as documentaries and magazine programmes, we give you a greater understanding of the day's events.

To become better informed, call your local cable operator or satellite dealer.

BBC
WORLD
IN DEPTH IN FOCUS INFORMED

1501 من المجلد

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171 873 3000 Telex: 922186 Fax: +44 171 407 5700

Monday April 3 1995

The Tory prospectus

New Tory agendas have become one of the more familiar sights on the British political landscape. Mr John Major's administration has been struggling to define its ambitions almost from the moment of Mrs Margaret Thatcher's departure in November 1990. Its early experiments with European Christian democracy and caring conservatism were followed by the ill-fated Back to Basics campaign and by a lurch to the Eurosceptic right. More recently, it has preferred consolidation, pruning sharply its legislative programme for the final two years of the present parliament. Each of these fresh starts has fallen prey to intellectual confusion and to the party's civil war over Europe.

It would thus be a brave observer who predicted that Mr Major's latest attempt to reassert Tory values will provide more than a fleeting respite. There are some positive signs. Mr Major himself appears to have found new reservoirs of resolve. His speech to the party's spring conference at the weekend was one of his more assured performances. He is determined to resist any attempt to oust him as leader.

Economic recovery should begin to pay a political dividend, even if a weak housing market and the secular trend towards a more insecure employment market continue to dampen confidence. So far the fruits of economic growth have been absorbed in paying for the mistakes of the late 1980s: in reducing public borrowing and closing the current account gap. Now, trailing in the polls by a record margin, the prime minister is promising better times.

Income tax

Mr Major emphasised the government will soon return to the business of cutting income tax. After the hefty programme of increases since 1993, there may be some scope for a modest reduction over the next two or three years as public borrowing falls. However, Mr Kenneth Clarke, the chancellor, must be aware that a large tax cut would be both bad economics and cynical politics. Legislating in 1995 the three-year programme of income tax reductions sought by some Tory MPs - and endorsed approvingly by the party chairman - would hardly be consistent with the government's

claim to economic prudence. After Mr Tony Blair's incursions into territory long claimed by the government, Mr Major is seeking also to reclaim his party's rhetoric. Choice and opportunity, duty and responsibility, enterprise and initiative, he insists, are essentially Tory concepts. More specifically, the prospectus includes a further extension of home ownership, a relaxation of the squeeze on education spending and government backing for the voluntary sector. As a sop to the populist right, Mr Major offers a pledge to provide tougher regimes for young offenders in so-called "hottest camps".

Tory fortunes

The overall mix is designed to appeal to what Conservative politicians refer to as Middle England. The traditionalist social and individualist economic instincts of this ill-defined but pivotal slice of the electorate are judged the best hope of restoring Tory fortunes. The chances, however, of the latest package solving the Conservatives' identity crisis cannot be high. Ministers and Tory MPs remain divided over whether to press ahead with the Thatcherite revolution or to fight Mr Blair head on in the political centre ground he now occupies.

At present there is a cabinet truce over Europe. There are welcome signs that the nine Tory rebels are keen to re-enter the fold at Westminster. But anyone listening to the weekend speeches of Mr Douglas Hurd, the foreign secretary, and Mr Michael Portillo, the employment secretary, was left in no doubt about the extent of the chasm.

Then there are the local elections, this week in Scotland, next month in England and Wales. Even the optimists among Tory strategists are expecting bad defeats. So this latest fresh start may well be submerged in Tory panic and fresh pressure on Mr Major's leadership. Some ministers have now joined backbench MPs in speculating that a change of prime minister may be their last chance.

It is clear, however, that the Conservatives' problems run deep. A battle for the leadership later this year would offer proof of bankruptcy rather than the promise of recovery.

A European call to arms

Government wheels seem finally to be turning in an effort to reform the business of weapons procurement in Europe. France and Germany, which had planned to set up a joint arms procurement agency without their other European partners, recently invited Britain to join the project. Britain, in turn, has suggested some large projects which might be managed by the agency, chief among them the 232m Eurofighter programme and 55th Horizon frigate. Much serious negotiation is needed before the proposed agency is given form and substance. But if talks go well, the main outlines of a deal may have emerged within a year.

The end of the cold war will inevitably force cutbacks in Europe's defence industry. US industry has rationalised rapidly in response to lower Pentagon spending, and at the very least that change demands some reply. Could a European agency help the process? In part, the answer will depend on what the agency is asked to do. But there are grounds to hope that it would be a step in the right direction.

First, it would show that member governments recognise action is needed. In particular, it would signal a shift away from a pure laissez-faire attitude by the UK, which has hitherto argued that companies alone should decide what action needs to be taken. In an area such as weapons procurement, where governments are the only buyers and much of the industry in Europe is state-owned, it is too simplistic to argue that governments have no role. They need to establish a framework within which companies can decide how to retrench.

Weapons orders

A new agency might also be able to co-ordinate the timing and specification of weapons orders between European partners, and to encourage greater commonality of equipment within Europe. That would allow longer and more economic production runs while cutting the amount of duplicated research and development.

Differences in combat doctrine between, say, British and German tank commanders, and differing equipment orders, have long impeded a rationalisation of the

defence base. The absurd result is that Europe now produces three main battle tanks and is developing three advanced fighter aircraft, while the US has only one of each. European countries can no longer afford such autarky. If the new agency worked to curb it, so much the better.

The challenge will be to ensure that the agency does not stifle the operations of the market, and in the process increase the cost of defence procurement. Early indications are that France and Germany may in effect seek a European arms cartel, with work being parcelled out according to the amount of equipment bought. Britain, by contrast, is likely to want a European project office, which would have management control of programmes, and would invite competitive bids for contracts. This is the approach for the Horizon frigate, where the ship's design is settled jointly, and companies are then asked to bid for the systems such as the radar or missiles, with contracts being awarded on merit, regardless of how many ships each country buys.

Export markets

Clearly, the project office model is preferable, since it is more likely to produce a competitive European industry, better able to take on the US in export markets. But politics means the eventual outcome may not be so clear-cut. France, in particular, has a heavily overmanned and largely nationalised defence industry, focused on meeting French economic and strategic national interests. Privatisation and rationalisation of the industry may follow the French presidential elections, but it will take time. A European arms procurement agency, with Britain as one of its largest members, would be a force promoting such change on the continent.

Europe's arms industry badly needs to improve its performance if it is to survive the worldwide retrenchment in defence spending. Provided it encourages rather than suppresses competition, an arms procurement agency could assist it to do so. If it fails, Europe will pay a high price, either by buying from a fragmented domestic industry or through excessive dependence on the US.

Mom Kennedy, head of protocol at the European Court of Justice in Luxembourg, has a large poster behind his desk celebrating the bicentenary of the US Supreme Court.

The poster sums up the worst fears of those opposed to further European integration. A European equivalent of the US Supreme Court, the driving force of American federalism in the early decades of the US, is anathema to them.

Next year's inter-governmental conference is coming to be seen by Eurosceptics as a chance to chip the court's wings. Not least in Britain, concern at the integrationist tendency of the court has been voiced in Germany, while there have also been calls - notably from the European Parliament - for greater openness in the court's activities.

The Treaty of Rome charges the court and its junior European Court of First Instance with upholding European law. It gives citizens, not just governments and other institutions - the right to seek redress from the 15 judges in each court.

The senior court has exercised its powers vigorously, confronting popular opinion and vested interests across the EU on issues such as the purity of German beer, the trade in Spanish fishermen, Sunday trading in Britain, abortion advice in Ireland and access by non-French airlines to Orly airport.

Eurosceptics charge the court's crimson-robed judges for acting as an extension of what is seen as a self-aggrandising Brussels bureaucracy. A more subtle critique - developed notably by Sir Patrick Neill QC, a leading English barrister and Warden of All Souls College, Oxford - is that the judges interpret their role in a manner that inevitably strengthens federal tendencies.

In a recent paper, Sir Patrick claimed that the court was potentially "dangerous" because it regarded itself as a "court with a mission" to push the EU "forward". Chief rule since 1993 was that the court had penalised governments for not respecting its interpretation of treaty obligations. He said the court had relied too often on the spirit of the law rather than its letter. Sweeping statements about European union in the preamble to the various Community Union treaties and general clauses in legislation were given more weight than the wording of the actual clauses.

This view is greeted with derision in Luxembourg - a load of Eurosceptic nonsense, the words of one judge. The judges say the text of the treaties as a whole requires a substantial ceding of sovereignty by the member states. The court's job is simply to carry out the states' intentions and obligations.

In this they have strong support from the Commission and most of the European Parliament. "I firmly oppose any attempt to subvert the judicial power of the court," Mr Klaus Hesse, president of the Parliament and a German socialist, declared last month.

Another common criticism of the

The European Court is coming under fire, accused of pushing a political agenda, say **Andrew Adonis and Robert Rice**

In the hot seat of judgment

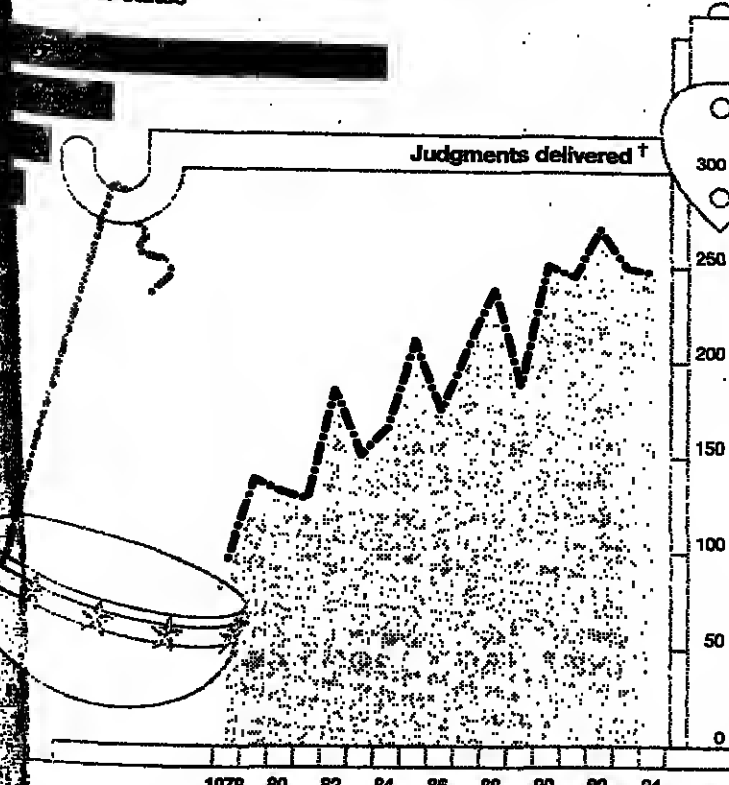
European Court of Justice: the scale of its powers

Enforcement proceedings against member states*

1982-93	
Italy	216
Belgium	119
France	96
Greece	86
Germany	65
Luxembourg	49
Ireland	40
Netherlands	39
UK	26
Spain**	22
Denmark	16
Portugal**	8

* The figures are given for cases lodged under Article 169 of the Treaty of Rome.
** Joined EU in 1989

Source: ECJ



court is that it is stuffed with politicians and bureaucrats who pursue a federalist agenda. However, all but one of the 15 judges of the senior court come from the senior judiciary or from senior legal academic posts - the latter being a normal route to judicial office in many European countries. The exception is Mr Fernando Schackweiler, once a Luxembourg civil servant.

Of the nine advocates general who act as legal advisers to the judges, two might be described as former politicians - Mr Carl Otto Lenz, once a member of the German Bundestag, and Mr Antonio La Pergola, a former Italian cabinet minister. Both were professors of law, however, and the latter was president of Italy's constitutional court.

Mr Francis Jacobs, the most senior of the nine advocates general, claims that the court has been vigilant in curbing the excesses of other EU institutions in recent

years. It has often ruled against the Commission for exceeding its powers - most recently over its claim that it could ratify the World Trade Organisation agreement on behalf of member states. It has also acted to stop the Union adopting protectionist tactics such as anti-dumping measures.

The judges believe that much of the controversy about their "activism" stems from the court's controversial decision in the 1991 *Francovich* case, when it ruled that EU citizens are entitled to compensation if they have suffered damage from being wrongfully deprived of their European treaty rights. The respect of individuals successfully suing national governments on the basis of EU legislation appalled ministers across the Union.

But *Francovich* came as no surprise to Brussels lawyers. Having established that the Treaty of Rome states rights and obligations for

individuals which must be respected by national governments and upheld by their courts, it was a natural step for the Luxembourg judges to make governments liable for infringements of those rights.

The issue of compensation is being challenged in two cases now before the court. But few of the judges expect the court to go back on the principle. "The treaty guarantees direct access to the court to EU citizens," says Mr Lenz. "If governments want to change it, that's their legitimate business," he says. "But I doubt there would be much support for it from national parliaments."

However, there may be attempts to curb the court's "activism" at next year's inter-governmental conference. Ardent Eurosceptics would like to give either the Council of Ministers or national parliaments the right to challenge court judgments at variance with their under-

standing of treaty obligations.

Another proposal is that access to the court should be curbed by allowing only the highest courts of the member states to refer questions of law to Luxembourg. Now, lower courts account for most referrals, which the Eurosceptics believe are a prime means by which the court extends its writ.

But neither of these proposals is likely to succeed. Allowing politicians to review the court's judgments would bring into question the EU's respect for the rule of law. As one judge put it, any right given to politicians - whether in parliaments or the Council of Ministers - to lay aside court judgments selectively would open the way to horse-trading destructive of legal order. The UK might agree to Orly airport remaining a French preserve in return for an end to rights for part-time workers in the UK, and so on.

As for restricting the power of referral to the highest courts of member states, this could make the European legal system more cumbersome. Lower courts would have no sure means of determining disputed points of European law - so those with disputes would have to work up through national courts to get an answer. This would be costly and probably lead to long delays.

Less contentious proposals for reform include allowing judges to express dissenting opinions. To preserve the judges' independence and shield them from national political pressures, all court judgments are now expressed as unanimous.

The English judiciary, in particular, would like European judges to be able to express dissenting opinions, believing it would bring clarity to their pronouncements. The unanimity requirement - contrary to British and US practice - means many rulings often read like the work of the committee they are.

Some of the Luxembourg judges are alarmed by this suggestion. With judges up for re-appointment every six years, and appointments in the gift of national governments, they fear they would come under intolerable political pressure to back their governments at the court. Supporters of the principle of dissenting opinions suggest that judges' terms of office could be extended to 10 years or more and made non-renewable to counter the threat to independence.

But the real fear of the judges is that the fuss over reforming the court will overshadow their agenda for next year's inter-governmental conference. The court wants procedural changes to enable it to carry out its work better, including greater contact with national courts to identify the central legal issues in cases referred to it.

Because much of the procedure is set out in the treaties and their protocols, such changes require a treaty amendment. With the controversy over the court's role, it remains to be seen whether the heads of government will feel that a more efficient court is a priority.

Hidden away on the outskirts of Luxembourg, far from Brussels, the European Court of Justice feels more like a luxurious university campus than a working EU institution. The ivory tower impression is reinforced by the vast size of the rooms, and by the emptiness of the court buildings, which house a staff of just under 1,000.

The judges defer to them. They are isolated, however. They point to the 10,000 people who visit the court each year from all over the world. More important, they maintain close contacts with the judiciaries in their home countries and opinion formers throughout Europe.

The judges are puzzled when asked if the Court is an aggressively federal institution, as critics allege. They say the Treaty of Rome lays down the obligation to uphold European law - they are simply doing their job.

Those more sensitive to the

A law unto many

anti-federalist wind emphasise that most of their time is spent enforcing the rules of the single market, rather than undermining the autonomy of member states.

A list of the 54 cases for which one judge was responsible between March 1992 and March 1993 shows that most were about the day-to-day running of the EU. They dealt with issues such as disputed customs tariffs, agricultural regulations, the environment and free movement of professionals.

In one case, the court was asked to decide how the salt content of salt beef should be calculated. In another, the issue to be resolved was whether a wine farmer who produced more than the prescribed quantity per hectare could sell it as quality wine.

Two of the cases dealt with

important points of law and only a few covered decisions of principle. In one, the court was asked to decide whether the sex equality provisions of the Rome treaty took precedence over an International Labour Organisation convention which had been signed before the treaty came into force and which restricted night work for women. Another was a challenge to a Commission attempt to conclude an association agreement with the US without the authorisation of the Council of Ministers.

The judges concede that the court's remoteness and the generally low level of understanding of its functions allow Eurosceptics to make wild allegations about the Court without fear of challenge.

Judge David Edward, Britain's nominee on the Court, says that,

although he spends a considerable amount of time talking about the role and functions of the court, some are keener to gain an understanding than others. In spite of the fuss about the role of the court among Conservative MPs, only eight turned up when he recently addressed a meeting of Tory backbenchers in the House of Commons.

It is a comfortable existence for the judges and advocates general. Salaries are high compared with those of their national counterparts. The judges get 112.5 per cent of the salary of the highest-paid Community official, which works out at roughly £140,000 a year. And they enjoy full diplomatic status in Luxembourg, which is largely symbolic but gives them such things as immunity from legal proceedings in the Grand Duchy.

OBSERVER

A touch of scepticism

■ The annual K&N winter conferences between businessmen from Germany and the UK can suffer from an excess of cosy generalisation, out of sympathy with the strains that have marked Anglo-German relations since the fall of the Berlin Wall.

At this weekend's conference on the Rhine, the organisers took the sensible step of spreading things up by inviting a sprinkling of British Eurosceptics to complement the usual band of fully-fledged Germanophiles.

Delegates were treated to the sight of a new political alliance in the making, between Sir John Lamont, former UK Chancellor of the Exchequer, now decidedly hostile to the European Union, and Alan Skeed, the London School of Economics lecturer and leader of the UK's anti-Maastricht Independence Party, which now claims 10,000 members.

Lamont, who says his irritation with the EU dates back to the year he spent helping to negotiate the Maastricht treaty, took his jowl with Skeed throughout most of the conference, unleashing the otherwise bland discussions on next year's inter-governmental conference.

Full marks for the Anglo-German grandees for inviting the wolves into their lair. But not all the

wolves. Even though German public opinion remains highly unenthusiastic about economic and monetary union, German opponents of Maastricht were hardly to be seen.

Wages of sin

■ Confused about why Europe's erstwhile most stable country, Sweden, is going down the tubes? Jonas Bergquist, 28, son of the fourth generation managing director of furniture manufacturing company Forsnäs, may have the answer.

He put in 574 hours of overtime in 1992 and thereby helped save the company from collapse, at a time when the Swedish recession was at its worst. Deserves a medal, eh? Not in Sweden. Instead, the Labour Market Board proposes to fine his company SKr170,000. Bergquist, it seems, worked 474 hours more overtime than the law allows. "I didn't know working was a crime," said his father, Jan-Anders Bergquist, who apparently also faces a personal fine for allowing his son to work too much.

All work and no play makes Jonas a poorer boy, and the Labour Board a bit of a joke.

Boering on

■ We all knew that General Constant Viljoen, carrying the

banner of white right-wing Afrikanerdom, was keen on history, but maybe this is too close to the knuckle. He's about to lead a group of white would-be emigrant farmers on a mission to Zaire, which apparently wants Afrikaner farming expertise.

■ The head of the conservative Front, has been in Zaire for official talks on prospects for white South African farmers seeking greener pastures. "They are begging us to come there. They don't want the French, they want the Belgians, they want the Boers (Afrikaner farmers)," said Freedom Front spokesman Colonel Piet Els.

Viljoen will have no trouble recalling the last Great Trek north, during the 1830s, when about 10 per cent of the Cape's Boer farmers upped and left for what became Transvaal and Natal. On December 16, 1838 some of the Voortrekkers, as they were known, massacred Zulu armies at the battle of Blood River. Still, times have changed...

Cash for clarity

■ The UK's corporate donors appear a little reluctant to put their hands in their pockets to wage the good fight against international bribery and corruption.

Transparency International, a Berlin-based pressure group striving to engender better international business ethics, wants to stop companies bribing

governments and political parties. But after months of effort there are only three private sector UK donations - £5,000 from Coopers & Lybrand and £1,000 each from RTZ and Tate & Lyle. TI, which has \$12m annual running costs, has done rather better with charities, having raised £40,000 each from the Rowntree and Nuffield trusts and got another £5,000 out of the government-owned Crown Agents.

The contrast with US businesses could hardly be greater. General Electric has stumped up \$80,000, while Boeing, Bristol Myers Squibb, Pfizer, Bank of America and Arthur Andersen have also contributed generously.

On the other hand, maybe the UK corporate sector thinks any spare cash could be better spent elsewhere...

Major slam dunk

■ Some stuffy Brits may be wondering how come Bill Clinton can only manage Tuesday lunch for their prime minister John Major, rather than Monday dinner in the White House.

Observer can reveal that of all his special relationships, the one dearest to Clinton's heart is that with his home state college, University of Arkansas - whose basketball team is playing in the national college finals tonight in Seattle. One fan will be glued to his armchair in front of the TV screen - prime minister or not.

Financial Times

100 years ago

The Mexican Congress

Mexico: The Mexican Congress was opened today with the usual message from President Diaz. After stating that peace reigned throughout the country and that the relations between Mexico and all foreign powers were friendly, the President adverted to the boundary dispute with Guatemala, and said that the efforts to safeguard Mexico's dignity and just interests in the question had not been fruitless.

The financial situation was visibly improving. The returns from the import duties already allowed an increase of \$750,000 compared with the corresponding period last year.

50 years ago

Trade restrictions lifted

The Board of Trade announces that obstacles in the way of trading with persons which arose out of the Trading with the Enemy legislation have been removed. Banking channels between Britain and France are restored, subject to the Defence (Finance) Regulations and other regulations - for example export and import licensing and the parallel regulations of the French Government.

China set to limit loans from international banks

By Tony Walker in Beijing

China plans to rein in borrowing from international commercial banks to restrain growth in its foreign debt, which approached \$100bn at the end of 1994.

An official of China's State Administration of Exchange Control was quoted by the state-run China Daily yesterday as saying greater use should be made of existing reserves of \$51.6bn. "We should actively use the foreign exchange we already have to control the amount of foreign debts," he said.

This is the second call in a week by an official for a curb on foreign borrowing and reflects growing concern about China's debt service obligations. Last week Mr Shen Shijian, a senior trade official, urged the authorities to clamp down on enterprises and institutions raising capital abroad.

The SAEC official said Beijing would "limit long- and medium-

Curb planned on borrowing to control growth in foreign debt

term loans from international commercial banks. Some of the demand for international loans would be "shifted" to domestic foreign exchange loans.

He complained that funds from international loans had been sold to domestic banks for local currency to circumvent state credit restrictions, adding to inflationary pressures.

China is the world's fifth largest debtor nation and this, according to China Daily, had "aroused great attention from the central government". It quoted Mr Chen Jinhua, minister of the State Planning Commission, as saying that China should "exercise tight control" over foreign borrowing. "Activities such as international financing and leasing, foreign borrowing by foreign-funded enterprises with Chinese

guarantees, and financing by issuing convertible bonds and overseas funds must be included in the state credit plan."

The newspaper quoted the official as saying China would repay between \$12bn and \$14bn in principal and interest this year, and its debt-service ratio (principal and interest as a percentage of export earnings) was well within safety limits.

"The Mexico financial crisis will never happen in China," the official said.

He added that China's debt service ratio and foreign debt ratio were "much lower than the international warning lines, which stand at 20 per cent and 100 per cent respectively".

China eager to keep access to IDA soft loans, Page 6

Major and Clinton look to close gap on Ulster

By Robert Peston, Political Editor, in London

Mr John Major and Mr Bill Clinton will tomorrow attempt to overcome their differences on the Northern Ireland peace process and US demands for additional Libyan sanctions.

There will be little effort, though, to reinstate the adjective "special" into their descriptions of Anglo-American relations.

It is their first meeting since the British prime minister made clear his displeasure at the US president's overtures to Mr Gerry Adams, the Sinn Féin leader.

In briefings ahead of Mr Major's private meeting with Mr Clinton UK and US officials emphasised the vast areas of foreign policy where the two administrations were in agreement.

They cited the importance of maintaining tough sanctions against Iraq; supporting the reform process in Russia in spite of disapproval of the Chechnya conflict; and resisting pressure from the US Congress for an end to the embargo on arms sales to Bosnia.

However, the US president's decision last month to give an entry visa to Mr Adams and invite him to the White House still ranks in Downing Street circles. A member of the US administration said of the criticism he had received over Mr Adams's visit: "We've been beleaguered here - it felt a little bit like being in Vietnam."

The UK official added that the phrase "special relationship" - used famously by Baroness Thatcher when she was prime minister to describe her rapport with the US President Ronald Reagan - "tends not to be in our lexicon". UK and US officials said they preferred to describe relations as "close" and "having many strands".

The US hopes to smooth over the differences with Mr Major by continuing to exert pressure on Sinn Féin to make constructive proposals for giving up arms. A US diplomat said: "We have asked Sinn Féin to move forward and have serious discussions [on arms reductions] and they are not doing it. We won't be satisfied till they do it."

A Downing Street official said Mr Major was also hoping to receive details of US proposals to audit any funds which Sinn Féin is raising in the US, to prevent any of it being used for arms purchases.

Higher up the agenda will be Mr Clinton's desire to impose an oil embargo on Libya, on top of existing sanctions. Also under discussion will be Nato enlargement and reform of the United Nations.

Lake takes special care with words, Page 7
 Editorial Comment Observer, Page 15

THE LEX COLUMN

Not such a capital City

The City of London prides itself on its financial sophistication. But in the domestic equity market, there is no cause for self-congratulation. The mechanisms for raising capital and trading shares are riddled with restrictive practices. As a result, the cost of capital is inflated and the trading of shares is unnecessarily expensive. Fortunately, these practices are now under the spotlight, following a series of critical reports from the Office of Fair Trading.

Companies need more options for raising capital. Part of the problem is fixed underwriting commissions. They give the City large fees for assuming little risk. There are several ways in which companies could overcome this expense. Deeply discounted rights issues would avoid completely the need to pay underwriting commissions - although, to avoid excessive dividend payments, companies would need the courage to cut their payouts to reflect the discount.

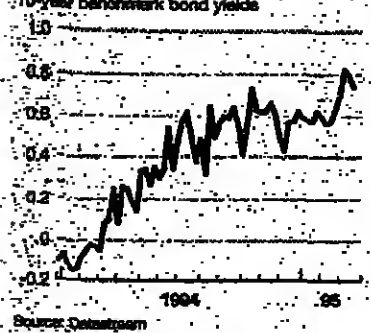
Another option is for companies to shop around for better terms. They normally do not because the conventional wisdom is that equity issues must be kept secret to prevent a share price collapse. This is nonsense: if a company has a good use for cash, explaining the rationale to investors could boost its share price.

Institutional investors should also modify their insistence on pre-emption rights. Shareholders clearly have an interest in companies not selling equity on the cheap to outsiders, but this should be compatible with more flexibility over pre-emption rights. The standard rights issue, which involves tapping the same investors again and again for cash, can depress a company's share price. In some cases a company would do better to market its attractions to other investors and so broaden its shareholder base. This, of course, would only be possible when a company has a good story to tell. But there is nothing wrong in that: shareholders should welcome mechanisms that discriminate between companies with sensible and foolish plans.

In the secondary market, the main problems are the market-makers' privileges. These are highly technical, but their overall effect is to give market-makers valuable intelligence and make it easier for them to deal. These without the privileges are at a disadvantage.

Market-makers claim they need special treatment; otherwise they could not afford to stand ready to deal with investors through thick and thin.

Yield spread

 France minus Germany
 10-year benchmark bond yields


Source: Statistisches Bundesamt

There is some bluff in this: they would probably still be in the business if their privileges were reduced. Moreover, many investors would benefit from cutting out market-makers completely. A computerised "order-matching" system would be cheaper.

Unfortunately, the London Stock Exchange cannot be relied on to sort things out because it is part of the problem. Not only are the market-makers its biggest and most powerful members; the exchange is keen to protect itself from competition from other trading systems that might develop if the market were opened up.

Others must therefore provide the impetus. On an official level, the main responsibility lies with the Treasury and the Securities and Investments Board. But companies and investors should also press for change.

Russia

It is a measure of how far Russia has travelled along the capitalist road that the row over the second stage of privatisation is about its structure rather than its intrinsic desirability. Understandably, some ministers argue that the government should delay selling off large chunks of the family silver at pawn-shop prices - especially when foreigners would be among the main beneficiaries. But the government believes there are immediate advantages to reducing the state's involvement in industry. Besides, it needs \$1.6bn to help plug this year's budget deficit.

A consortium of Russian banks, sensing an opportunity to make a turn, is offering to cut an intriguing deal, covering some of Russia's juiciest assets such as Norilsk Nickel, the world's largest nickel producer. Although the details are still sketchy,

the banks seem to be offering to lend the money up front to hold the shares in trust. The benign interpretation is that the trust would simply act as a staging house, selling on the shares when asset prices had firmed and the legislative and fiscal climate evolved sufficiently to encourage strong domestic pension funds to emerge.

But the legions of Russian conspiracy theorists are right to fear any number of possible sweetheart deals. Russia's banks are already much too intertwined with industry and government, giving rise to multiple conflicts of interests. The outcome of the debate could shape Russian capitalism for generations.

That makes it all the more critical for the government to consider the long-term structure of industry ownership rather than to accept a quick financial fix.

French bonds

In pure economic terms there is little reason why French government bonds should yield three-quarters of a percentage point more than German bonds. French GDP growth is set to be a robust 3 per cent this year and inflation only 2 per cent. Unemployment is falling, albeit slowly and from a high level. The Independent Bank of France shows no signs of softening its hard line on monetary policy. Last week, for example, it avoided the temptation to follow the Bundesbank's interest rate cut.

The yield differential has little to do with economic fundamentals; it is an expression of investors' continuing fears about the stability of the franc in the run-up to this month's presidential elections. Even though the yield gap narrowed markedly last Thursday, this reflected a certain eagerness at the rationale for the German rate reduction rather than a fundamental reassessment of the risks of holding franc assets. The gap promptly opened up again on Friday, as doubts about the sustainability of the franc fort policy re-emerged.

Optimists may say that the franc has a long way to fall before it hits its floor in the European Exchange Rate Mechanism. So no immediate test of French monetary resolve is at hand. The danger for investors, though, may not pass with the elections. A populist president, such as Mr Jacques Chirac, may try to accelerate the decline in unemployment by stepping up public spending. At worst, he could be forced to abandon the franc fort.

Airliner

Continued from Page 1

companies could work together on the project, given the differences in their cultures.

Airbus - which is owned by Aerospatiale of France, Daimler-Benz Aerospace of Germany, British Aerospace and Casa of Spain - is also studying the feasibility of building a large aircraft separately from Boeing. Mr Pierson said, however, that that could go ahead only if other companies in Asia and Europe agreed to share up to half the development costs.

Mr Pierson also repeated warnings that BAE would find its UK position in Airbus damaged if the UK failed to participate fully in the Future Large Aircraft military transport programme. In the UK's absence another company would have to make the wings for the aircraft. That company would have a strong case for replacing BAE as Airbus's principal wing-maker for civil aircraft.

Crédit

Continued from Page 1

assets which exceed the current estimated prices.

The state rescue package is still subject to scrutiny by the European Commission in Brussels. Mr Karel Van Miert, the competition Commissioner, has already received a full briefing from the French government, as well as comments from Société Générale. He has also received guidelines on the implications of a banking rescue from the heads of three European central banks.

In addition, there has been political pressure from within France criticising the plan, including a vocal meeting last week between the national assembly and senate finance committees and Mr Edmond Alphandery, economy minister.

Deadlock over key issues at climate change conference

By Haig Simonian in Berlin

The United Nations conference on climate change enters its final week today having made progress on some minor matters but facing deadlock on most important issues.

Many delegates believe the next 48 hours will be decisive in setting the tone before environment ministers, hosted by Germany's Chancellor Helmut Kohl, descend on Berlin on Wednesday for the meeting's last three days.

However, some outstanding issues are so divisive that progress may only be possible at ministerial level, meaning negotiations are likely to mark time before a hectic rush to the finish.

The clearest indication will come today, when Mrs Angela Merkel, Germany's environment minister and president of the conference, gives a progress report. This will focus on the rules which govern the voting system to pass decisions. Delegates ducked the issue when the conference opened last week but the question is now becoming essential.

Members of the Organisation of Petroleum Exporting Countries are insisting all votes must win unanimous backing rather than be decided by a majority. Opec is vehemently opposed to any measures such as cuts in carbon dioxide levels, which might limit demand for oil and gas. Carbon dioxide is one of the main by-products from burning such fossil fuels. Opec hopes that by insisting on unanimous voting, it can in effect gain a veto over decisions.

Mrs Merkel is believed to have

held a series of informal meetings over the weekend to bridge the gap. However, the signs yesterday were that Opec remained adamant, meaning discussion about the rules may be left to ministers later this week.

Delegates are also divided over other important matters. Even industrialised countries, broadly in favour of combating climate change, are split on the specifics. According to Climate Action Network, an alliance of environmental groups, the European Union has watered down its position after objections from the US and Australia.

The environmentalists say the EU has dropped its demand for a reduction in carbon dioxide levels after the year 2000 and for a clear reference to the "inadequacy" of existing measures in an attempt to reach a common decision with the US.

Further outstanding problems include co-operation between developed and developing states over reductions in "greenhouse gas" emissions - known as joint implementation. Many industrialised countries hope to reach agreement on at least a pilot phase of joint implementation to gain experience and overcome some developing countries' resistance.

The conference must also reach decisions on long-term funding for the climate change secretariat, now based in Geneva, and on its future permanent home. So far Germany, Canada and Uruguay have offered facilities in Bonn, Toronto and Montevideo respectively.

Letters, Page 14

FT WEATHER GUIDE

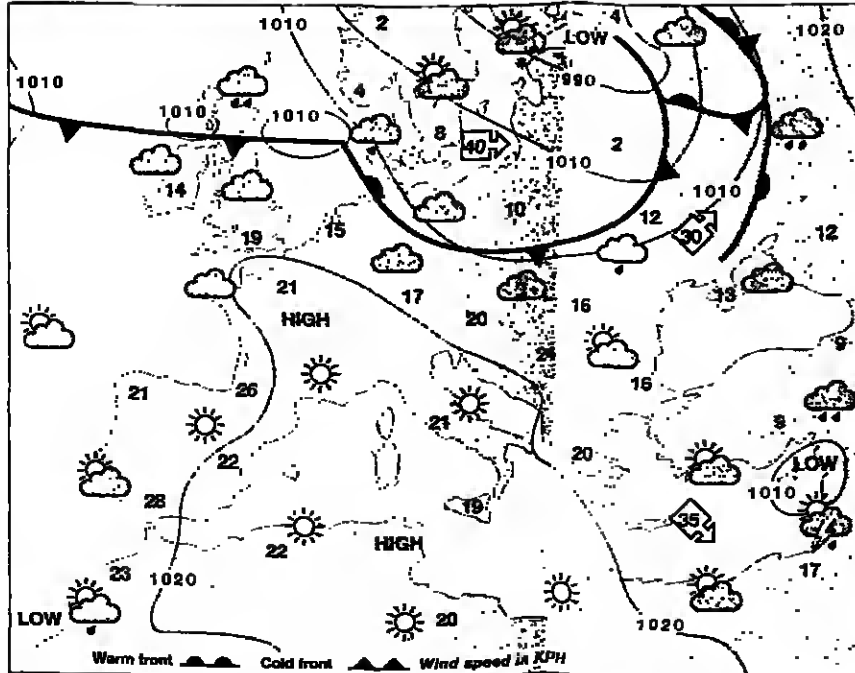
Europe today

Most of south-western and western Europe will be fine because of high pressure over France. However, parts of northern France and Belgium will start cloudy with fog in places. Temperatures will reach 26C near Bordeaux, while parts of Spain may reach 28C.

A frontal zone stretching from Scotland across the North Sea into Denmark marks the boundary with colder conditions to the north. There will be snow showers in Norway and scattered snow in Finland and Russia. The front will be almost stationary, causing prolonged rain in western Scotland. Italy and south-east Europe will enjoy fine and rather warm conditions, but Crete will be cool with showers.

Five-day forecast

North-east Europe is likely to stay cold with snow at times, but high pressure will keep south-west Europe dry and warm with sunny spells. Between these regions, conditions will become more changeable with Atlantic fronts bringing rain. This will arrive in the UK first and then spread into the continent on Wednesday and Thursday. The rain will turn to snow in Poland and Russia.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteorological Service of the Netherlands

TODAY'S TEMPERATURES

Maximum	Beijing	sun	18	Caracas	fair	29	Faro	sun	23	Madrid	fair	23	Rangoon	sun	35
Minimum	Belfast	cloudy	14	Cardiff	fair	14	Frankfurt	sun	18	Malaga	sun	21	Reykjavik	fair	-1
Abu Dhabi	fair	32	Belgrade	sun	23	Casablanca	fair	23	Geneva	sun	20	Rio	thund	28	
Accra	sun	33	Berlin	cloudy	13	Chicago	cloudy	12	Gibraltar	sun	20	Rome	sun	20	
Algiers	sun	23	Bombay	showers	20	Colombo	fair	17	Glasgow	rain	11	Sao Paulo	sun	20	
Amsterdam	fair	14	Bogota	rain	21	Dakar	fair	30	Hamburg	cloudy	10	Seoul	sun	17	
Athens	fair	16	Bonifay	sun	31	Dallas	thund	21	Helsinki	showers	3	Singapore	thund	32	
Auckland	sun	24	Buenos Aires	fair	16	Doha	sun	31	Hong Kong	rain	19	Sri Lanka	fair	8	
B Aires	sun	23	Budapest	fair	20	Dubai	fair	31	London	cloudy	12	Sydney	cloudy	22	
Buenos Aires	fair	11	Canton	showers	19	Durham	sun	21	Manila	sun	26	Taipei	sun	24	
Bangkok	sun	28	Cebu	showers	28	Edinburgh	cloudy	13	Montreal	cloudy	7	Tokyo	sun	15	
Barcelona	sun	19	Cape Town	fair	22				Moscow	thund	12	Toronto	showers	13	
									Nairobi	sun	17	Vancouver	fair	18	
									Nassau	sun	27	Warsaw	rain	10	
									Nice	sun	18	Washington	fair	17	
									Norfolk	sun	19	Wellington	fair	9	
									Osaka	sun	20	Whangarei	snow	-8	
									Paris	fair	20	Zurich	fair	18	
									Perth	sun	22				
									Prague	fair	16				

More and more experienced travellers make us their first choice.

Lufthansa

More and more experienced travellers make their first choice.

Lufthansa



At BZW we have never lost sight of one overriding business principle. Unless we continue to be brighter and better than our competition, we have little future. So, from advice to implementation, that as no two are the same, then no two should be. That's why we prefer to bring together the brains and brawn of our global network to fit your particular requirement. Which is what we call using our intelligence.

INVESTMENT BANKING FROM A TO Z

MEMBER OF THE ASSOCIATION OF INVESTMENT BANKERS

A DIVISION OF BARCLAYS BANK PLC

CP 1110 150

Direct health move by GRE

By Ralph Atkins,
Insurance Correspondent

Guardian Royal Exchange, the composite insurer, is to spearhead another advance in direct selling of insurance in the UK by offering basic private health policies for sale by telephone. The project's launch today marks an attempt by Guardian Direct, GRE's loss-making telephone selling arm, to challenge better-established competitors such as Royal Bank of Scotland's 10 year-old Direct Line which do not yet offer health insurance. Guardian Direct began operations a year ago.

But the decision could also trigger a push by big health insurance providers into telephone selling. Unlike private motor policies, health insurance is not generally regarded as a

"commodity" product which can be sold on the basis of a few questions.

Bupa, the UK's largest private medical insurer, can sell policies by telephone but its products are not specially designed for such sales methods and the company still requires customers to complete a medical questionnaire.

Similarly, PPP, the second largest medical insurer, can arrange cover by telephone but application forms and a medical declaration have to be completed and returned. It is exploring the possibility of accepting credit card payments by telephone.

Norwich Union, the large mutual insurer, generates an increasing proportion of its health insurance business through its tele-marketing operations but clients have to

complete some paperwork and cannot yet complete transactions entirely by telephone.

The new GRE telephone service will offer a simple health policy that can be purchased and paid for immediately without paperwork, although the group expects that initially many callers will prefer to have details sent by post before making any payment.

Its target market is families not covered by corporate schemes. Quotations will be based on five factors - age, sex, address, smoker/non smoker and occupation. Guardian Direct will also check on clients' previous medical conditions. Over 60s will be excluded.

Mr Ray Pierce, managing director of Guardian Direct, described the scheme as "a first" but said it was being

launched into a growing market. Demand is being driven primarily by declining state provision. "We are targeting the 88 per cent of people who do not have private health insurance," Mr Pierce said.

Separately, GRE announced it is to sell motor insurance directly in Ireland for the first time from June. The group already has a substantial operation in the country. GRE is also researching the possibility of setting up direct operations in other countries, including Germany.

Mr John Robins, chief executive, sees Guardian Direct, which lost £12m last year, as a vehicle for gaining experience in direct selling to be deployed outside the UK and for products other than motor and household where competition is intense.

MBO in line to buy Tetley tea business

By Roderick Oram,
Consumer Industries Editor

A proposed management buy-out has emerged as the leading contender to buy Allied Domecq's Tetley business, the second largest tea producer in the world.

The management team has brought in Mr Leon Allen, chairman of Devro, the Scottish sausage skin maker, to lead its bid. It has secured the backing of the venture capital arm of Prudential, the UK insurer.

Mr Allen, an American with a long career in Procter & Gamble, attracted wide attention for his role in the management buy-out of Del Monte's juice and canned fruit business and in bringing Devro to the stock market two years ago.

Tetley is either number one or two in the UK, US, Canada, Australia and some smaller European tea markets. The MBO team is thought to be interested in all the tea and coffee operations of the Lyons Beverages division with the exception of Ireland where there is a minority public stake in the company.

Analysts' estimates of Lyons Beverages' turnover and operating profits vary widely. SG Warburg Securities estimates they were £450m and £23m respectively in the 1993-94 financial year. Thus, the MBO team might be unwilling to pay more than £250m. Talks could take several months to complete.

C&W resignation

Mr Mike Harris, formerly chief executive of Mercury Communications, the UK's second largest telecoms operator, has resigned as a director of Cable & Wireless, Mercury's parent. Mr Harris joined Mercury towards the end of 1991. He had been chief executive of Midland Bank's First Direct unit, where he had displayed powerful skills in marketing and sales which contributed much to the success of the innovative banking operation.

'Hostile' investor takes 9% holding in Fitzwilton

By John McManus in Dublin

Fitzwilton, the Irish industrial holding company, said it was an unnamed investor, which has taken a 9 per cent stake in the group through a Dublin broker.

Dunnes Stores, Ireland's largest supermarket group was widely believed to be the stakeholder.

Fitzwilton shares jumped from 39p to an ex-dividend price of 45p in the belief that move might be a prelude to a bid.

Fitzwilton is 15 per cent owned by its chairman, Mr Tony O'Reilly, chief executive of Hertz and a main shareholder in Ireland's Independent Newspapers.

Mr O'Reilly is understood to have the support of another 15 per cent of shareholders, and would try and block any hostile bid.

Analysts said that Wellworth, Fitzwilton's Northern Irish supermarket chain, would be the ultimate target of any takeover bid and this made Dunnes the most likely suitor. Privately owned, Dunnes is

controlled by members of the Dunnes family and has 8,000 employees and turnover of £995m.

Dunnes refused to comment on whether it was the stakeholder.

In a separate move, Fitzwilton announced that it was negotiating to sell its 75 per cent interest in Novum, a Dublin-based manufacturer of industrial refrigerators.

Fitzwilton paid £15m for that stake five years ago and is believed to be selling the company back to its former owner, Mr Paul Power.

Waterford tumbles to £5.8m

By John McManus

Pre-tax profits at Waterford Foods, the Irish dairy processor, plummeted from £24.6m to £5.8m as a result of falling margins and an £14.5m restructuring charge.

The charge is to cover redundancies, plant closures, and asset write-downs. These will arise over the next three years and follow a fundamental review of the company's business that was undertaken in the second half of last year.

The bulk of costs will come from making 400 of the group's 3,500-strong workforce redundant, including 250 UK staff.

Operating profits in 1994 were down by 17.5 per cent to £53.9m, reflecting pressure on margins, which fell from an average of 5.8 per cent to 4.8 per cent.

Margins were squeezed by high milk prices in all three of Waterford's areas of operation - Ireland, the UK and the US. These combined with low market prices for produce, particularly cheese. Waterford's main product.

Group turnover grew from £694m to £711m, but sales in the dairy products division, which includes cheeses, fell marginally to £539m, representing 48 per cent of the total.

The consumer products division - which includes liquid milk in Ireland and the UK - had a more successful year, with turnover growing by 6 per cent to £127m.

Waterford is consolidating in the Manchester region, through the closure of its Didstbury plant and transfer of operations to Hyde with the loss of 250 jobs. The group is also closing a dairy at Dungarvan, Co Waterford.

Earnings per share fell from 11.10p to 1.61p allowing for restructuring costs, but the total dividend is raised from 2.83p to 2.97p following a 1.72p final.

Disposal nets £11.2m for Costain

By Andrew Taylor,
Construction Correspondent

Costain, the UK construction group which is having talks with a number of companies with a view to forging an alliance with its contracting division, has sold its 40 per cent interest in GKN Kwikform, the UK scaffolding group, for £11.2m.

The stake has been bought by GKN, the UK engineering group and Kwikform's majority shareholder.

To reduce its large borrowings, Costain has previously sold its Australian coal mining and part of its US mining interests, as well as its UK commercial and residential property businesses. Its shares were up 14p on Friday.

Costain, in which Mohammad Abdul-Mohsin Karafi, a large Kuwait construction group, has bought a 7.5 stake, also announced on Friday that it had been awarded a £50m contract to widen a stretch of the M5 close to Bristol.

The order is one of the largest road contracts to be awarded in the UK this year. "It confirms that we are still able to compete with the best UK contractors," Costain said.

Seaboard to lift 15% barrier

By Michael Smith

Seaboard, the Grawley-based electricity company, has become the second regional electricity company to announce plans to lift a restriction on shareholders owning more than 15 per cent of its equity.

It announced its decision on Friday, the day that the government's "golden shares" in each of the 12 regional companies expired.

The end of the government's direct influence on the companies removes one potential obstacle to takeovers, but the 15 per cent rule, expressed in an article of association at

each of the reos, is scheduled to remain in place for another five years.

Northern Electric has already removed the restriction following a hostile bid from Trafalgar House, the conglomerate.

Institutional investors led by Postel, the British Telecom and Post Office pension fund, have been pressing others to do the same. Most companies are expected to bring forward proposals for annual meetings in the summer.

Although hostile bids are unlikely to emerge until the electricity regulator has finished his review of distribution prices, the market believes

more bidders could emerge later in the year.

Seaboard is considered to be one of the companies most vulnerable. Sir Keith Stuart, Seaboard chairman, said that even without institutional pressure, the company had been planning to propose the removal of the restriction.

He said there was no case for Seaboard to be more protected from takeovers than any other companies. "We do not want special protection. We should be judged by shareholders in the market just like any other company."

Seaboard will ask shareholders to remove the restriction at its annual meeting on July 18.

24% pay rise for Abbey chief

By Roger Taylor

Mr Peter Birch, Chief Executive of Abbey National, received a 24 per cent pay rise last year, giving him total remuneration of £408,280 of which £92,500 was performance related.

Abbey National's profits for 1994 were 32 per cent up and the dividend was increased by 27 per cent. Mr Birch also received pension contributions worth £33,841.

Mr Chris Wermann of Abbey National said "Mr Birch's pay is still below the median for the banking industry and he is paid less than the directors of most companies of comparable size".

Mr Birch was also granted options to buy 80,897 Abbey shares, bringing his total number of options to 394,705. Mr Wermann said that no-one on the board had yet exercised any of their share options.

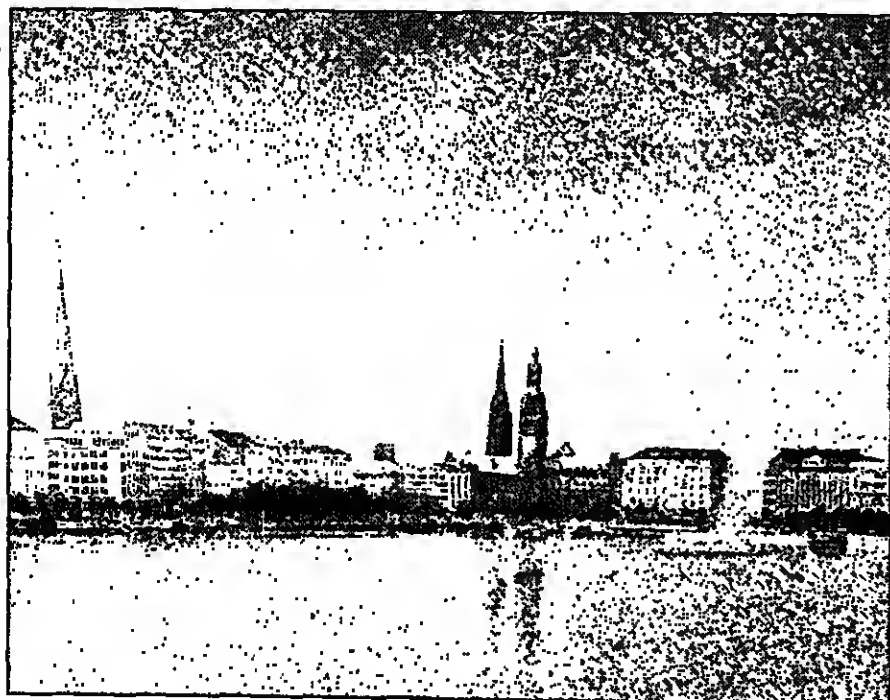
Total payments to directors

were £2.66m, up by a third on 1993's total. Much of this was due to a sharp increase in director pension contributions, which went up more than fourfold to £202,444.

Lord Tupadhat, chairman, saw his pay rise by just 7.5 per cent to £228,000.

The pay of Abbey National directors is decided by the Personnel and Remuneration Committee, which consists of the chairman and three non-executive directors.

While you are talking to us
about a successful future



► ► ► we let our performance
in 1994 speak for itself.

Despite difficult stock market conditions worldwide we again achieved good results. Based on the continuing strong expansion in our

lending business, our total assets developed favourably in 1994. To improve our ser-

vice further we increased our staff as well as our financial and technological resources, thus strengthening the foundation for successful

cooperation with you. Hamburgische Landesbank. Your individual consultant.

TOTAL ASSETS DM 76.3 billion	LOAN VOLUME DM 52.5 billion
EQUITY CAPITAL DM 3.4 billion	BUSINESS VOLUME DM 78.7 billion

HAMBURGISCHE LANDESBANK
Moorgate Hall, 155 Moorgate, London EC2M 6XB • Tel. 071 972 9292. Fax 071 972 9290



INVESCO PLC

Your Global Investment Partner

1994 Results

	1994	1993
Pre-tax profits	£39.3m	£33.4m
Earnings per share	12.1p	10.0p
Dividend per share	4.75p	3.5p
Funds under management	£42bn (US\$65bn)	£45bn (US\$67bn)

- 1994 Pre-tax profits up 18% in difficult market conditions
- Earnings per share up 21%
- Dividend increased by 36%
- Improved operating margins
- Costs controlled

"We are delighted to report that INVESCO has achieved a substantial increase in profits in 1994 against a background of difficult market conditions. We are particularly pleased to announce that the Board is recommending a final dividend of 3.5p to be paid as a Foreign Income Dividend. This will make a total dividend for the year of 4.75p, representing an increase of 36% for taxpaying shareholders.

We are confident that during 1995 we can build on our very solid performance in 1994 and, while our business will always be subject to year to year fluctuations in world markets, we have a well developed long term plan in place which will enable us to continue to grow shareholder value. We are looking forward to the future with confidence and optimism."

Charles W. Brady
Executive Chairman

If you would like to reserve a copy of the Annual Report, please write to
INVESCO PLC, 11 Devonshire Square, London EC2M 4YR

[illegible]



Highlights 1994

Jardine Strategic

Strong Earnings Growth

- Profit after preference dividends + 23%
- Earnings per share — basic + 24%
- fully-diluted + 20%
- Dividends per ordinary share + 16%
- Strategic holdings increased
- One for eight rights issue with warrants proposed

"After several years of growth, 1995 will be a more demanding year. Nevertheless, the sound finances and strong positioning in Asia-Pacific markets of the companies which make up Jardine Strategic's portfolio ensure that the Group is ideally placed to build for future growth in this most dynamic of regions."

Henry Keswick, Chairman
31st March 1995

1994 RESULTS

	Year ended 31st December	1994	1993
	US\$m	US\$m	US\$m
Turnover	5,778.4	5,144.5	
Profit before taxation	587.6	565.7	
Taxation	(136.6)	(110.4)	
Profit after taxation	581.0	455.3	
Outside interests	(175.6)	(148.3)	
Profit after taxation and outside interests	375.4	306.0	
Extraordinary item	—	68.2	
Profit attributable to Shareholders	375.4	374.2	
Preference dividends	(38.3)	(31.0)	
Retained profit for the year	234.4	252.8	
	US\$	US\$	
Earnings per share			
— basic	47.16	38.01	
— fully-diluted	42.67	35.55	
Dividends per ordinary share	14.50	12.60	
	US\$	US\$	
Net assets per share (note)			
— basic	5.17	8.47	
— fully-diluted	4.80	7.51	

Note: Based on the market price of the Company's holding. Fully-diluted net assets per share assume full conversion of the outstanding convertible preference shares.

Jardine Strategic Holdings Limited
Incorporated in Bermuda with limited liability



A member of the Jardine Matheson Group

ASEA

Notice is hereby given that the Annual General Meeting of ASEA AB Shareholders will be held at Aros Congress Center, Munkgatan 7 in Västerås, Sweden at 10.30 a.m. on Friday, April 28, 1995.

Agenda

Matters to come before the Meeting, as prescribed by law and the Company's Articles of Association, shall include presentation of the Annual Report for the year 1994 of ASEA AB and of ASEA and associated company together with Auditor's Report; resolutions in respect of the adoption of the Income Statements and Balance Sheet for ASEA AB and for ASEA and associated company; resolutions in respect of the disposition of the unappropriated income of ASEA AB according to the adopted Balance Sheet and determination of the record date for the dividend; resolutions in respect of the Directors' and the President's discharge from liability; determination of the number of Directors and deputy members of the Board; election of Directors and deputy members of the Board; election of Auditors and Deputy Auditors; determination of the fees for the Board of Directors and the Auditors.

Shareholders representing more than 40 percent of the total voting rights in ASEA propose the reelection of Dr Peter Wallenberg.

Mr Claes Dahlbäck, Dr Björn Svedberg, General Counsel Sven Söderberg and Mr Kjell Höglund as members of the Board of Directors of ASEA.

In addition to the matters listed above the Meeting shall consider the proposal of the Board of Directors to amend §1 in the Articles of Association as follows:

§1 (Present wording)
The name of the Company is ASEA Aktiebolag.
§1 (Proposed wording)
The name of the Company is ASEA AB. The Company is a public company (publ).

Notification

Shareholders who wish to participate in the Annual General Meeting must notify the Board of Directors of their intention to attend, either in writing under the address ASEA AB, P.O. Box 7373, S-103 91 Stockholm, Sweden, by telephone +46-8-670 7440 or by telex +46-8-613 6565, not later than 12.00 noon (Swedish local time), Monday, April 24, 1995.

Shareholders must state their name,

personal registration number (where applicable), address, telephone number and the number of registered shares held.

Rights to participate

Only those shareholders who are recorded in the Shareholders' register maintained by Värdepapperscentralen VPC AB (Swedish Securities Register Centre) not later than Tuesday, April 18, 1995 are entitled to participate in the Meeting. Shareholders, whose shares are held in trust by banks or other trustees, must temporarily re-register their shares in their own names not later than Tuesday, April 18, 1995, in order to be eligible to participate in the Meeting. Shareholders must advise trustees of this request in ample time before April 18, 1995.

Dividend Payments

The Board of Directors has proposed Thursday, May 4, 1995, as record date for payment of the dividend. If the Annual General Meeting approves this proposal, it is expected that the dividend payment will be made through Värdepapperscentralen VPC AB on Thursday, May 11, 1995.

By order of the Board of ASEA AB.

Stockholm, Sweden. March, 1995.

FT RESEARCH

The FT will be conducting a series of reader research projects during 1995 and would appreciate your help. If you would like to take part, please return (by fax or post) the coupon below to:

Ms B Lewis, MPG International,
Garden Studios, 11 - 15 Betterson Street,
London WC2H 9BP Fax: 0181 741 9904

Your name and address will not be used for any other purpose than readership research

Name
Address
Postcode
Country

FINANCIAL TIMES

Future, Options & Currency with direct access to exchange floors
JAMES MURPHY
Tel: 0171 702 1991
Fax: 0171 430 6113

UK & International Equities and Bonds, GDRs and ADRs
MICHAEL MURPHY
Tel: 0171 702 1991
Fax: 0171 430 6113

THE TAX FREE WAY TO PLAY THE MARKETS

CITY INDEX

COMPANIES AND FINANCE

Madrid increases Repsol offer

By Tom Burns
in Madrid

The Spanish government agreed at the weekend to increase the size of the state-owned stake it is selling in the equity of Repsol, the oil, chemicals and gas group, from 15 per cent to 19 per cent in response to stronger than expected demand from retail investors on the Madrid stock exchange.

Repsol, which had intended to offer a total of 45m shares, will add a further 12m shares to the domestic tranche of the flotation, the equivalent of 4

per cent of the equity owned by the state through the Instituto Nacional de Hidrocarburos (INH).

The increased disposal will reduce INH's ownership of the company from 40.5 per cent to just over 21 per cent and raises the total value of the offering from some Ptas350bn to close to Ptas400bn (US\$2bn), the largest single share offer by a Spanish company.

Repsol said that domestic demand for its shares had "exceeded all expectations" and had threatened to either make inroads on the international tranches or create

major frustrations in the retail trade.

Analysts said domestic investors had flocked to the company, in an innovative structure, has undertaken to reimburse retail investors for any fall in the market price of up to 10 per cent from the offer price during the 12 months following the issue.

Repsol has fixed a maximum price of Ptas3.835 per share based on average trading last week and will announce the final offer price for institutions on April 10.

The retail tranche will be

offered at a 5 per cent discount to the international price and the maximum price which has been set represents a fall of more than 1.4 per cent in the value of Repsol shares since the offer period opened last month.

The apparent success of the Repsol offering is now likely to spur the government into further partial privatisations. Issues of publicly-owned stock in Telefonos, the telecommunications group, and in Argentina, the state-controlled banking corporation, are expected before the end of this year.

NEWS DIGEST

Bayerische Vereinsbank to raise DM1bn

Bayerische Vereinsbank plans to raise about DM1bn (\$731m) through a rights issue to help pay for further expansion of its investment, property and trade financing activities and develop its business abroad, writes Andrew Fisher in Frankfurt.

The issue will take place between April 28 and May 15 and new shares will be offered on a one-for-eight basis. No price was mentioned by the German bank, but this is likely to be at a discount to Friday's closing price of DM397. The bank, which last week announced that its operating profits had fallen by 8 per cent to DM1.06bn — a smaller decline than at the other big German banks which have so far reported 1994 results — also intends to follow the trend towards making its shares more accessible to small shareholders by lowering their nominal value from DM50 to DM5. A proposal to split the shares in this way will be put to the annual meeting in May.

Both Deutsche Bank and Dresdner Bank are adopting the DM5 nominal share, with Commerzbank holding back. Allianz, Europe's largest insurance concern, also intends to reduce the denomination of its shares to DM5.

Bayerische Vereinsbank will give further details of its profits and strategy at its yearly press conference in Munich today. One reason its profits have held up better than rival Frankfurt banks is a strong mortgage performance. Bayerische Hypo-Bank, its Bavarian rival, has also benefited from this trend.

Profits almost doubled at Maruti Udyog

Maruti Udyog, India's biggest manufacturer of motor vehicles, reported a 95 per cent rise in pre-tax profits to Rs2.65bn (\$4.35m) for 1994-1995 on sales up 50 per cent to Rs43.6bn, citing both increased production and improved cost control, writes Mark Nicholson in New Delhi.

The company, a 50-50 joint venture between the Indian government and Suzuki, the Japanese carmaker, produced a record 206,000 passenger cars — a market it dominates in India with a share of more than 65 per cent.

Output surpassed the 1993-1994 figure of 158,109 vehicles due to the completion of a Rs7bn second plant with installed capacity of 70,000 cars.

Capacity is due to expand by a further 50,000 vehicles by October and the company expects to have completed a planned third plant by 1997, adding additional capacity of 100,000 cars a year. Maruti exported 20,000 vehicles last year, earning Rs2bn — a 7 per cent rise on export earnings in 1993-1994.

The company said the profit performance was "substantially attributed" to cost reductions, which cut manufacturing and administrative costs to 4.9 per cent of net sales against 6.05 per cent a year earlier.

ISS buys Swedish healthcare group

ISS, the Danish company best-known for its office cleaning services in Europe and the US, is buying Vaerbo, a Swedish private healthcare company, for an undisclosed sum, writes Hilary Barnes in Copenhagen.

Vaerbo has an annual turnover of SKr300m (about \$500m), with the private share at about SKr150m. ISS expects the private market to grow dramatically over the next few years and aims to build-up a market share of 20 to 30 per cent.

The Swedish private market sprung up after responsibility for care of the elderly was transferred from counties to municipalities under the former non-socialist government of 1991-1994.

As the municipalities are under severe budgetary pressures, they are looking for new and cost-effective solutions to the problem of caring for the elderly, said ISS.

Earnings soar at Aeroporti di Roma

Aeroporti di Roma, the state-controlled company which runs Rome's two airports, nearly doubled net profit to L\$4.2bn (\$20m) in 1994 and handled 5.3 per cent more passengers than in 1993, writes Andrew Hill in Milan.

ARI, the state holding company, controls Aeroporti di Roma through Alitalia, the national airline, which has a 56 per cent stake, and Finisera, another subsidiary, which holds 48 per cent. Less than 1 per cent belongs to the local chamber of commerce.

Earlier this year, ARI said that it intended to sell off part of its holding. Rationalisation and restructuring ahead of privatisation have triggered a spate of strikes by airport staff in recent months.

In 1994, 20.9m passengers passed through Leonardo da Vinci airport at Fiumicino, the main Rome airport, and Ciampino, the charter, military and private jet airport. Aeroporti di Roma's turnover increased to L\$92bn from L\$80bn in 1993, when profit reached L\$7.5bn.

Indonesian coal venture plans flotation

Kalim Prima Coal, the large Indonesian coal mining joint venture between British Petroleum and CRA, the Australian resources group, is to float its shares on the Jakarta stock exchange, writes David Lascelles in London.

Under its agreement with the Indonesian state coal company, KPC, it is required to offer its equity to public investors.

The exact proportion of shares to be offered for sale has not yet been determined, and the timing will depend on market conditions.

KPC, which operates in East Kalimantan, has Indonesia's largest coal mine, shipping 10m tonnes last year. The venture, which began in 1992, has a 30-year operating agreement with the Indonesian authorities.

New York exchanges set trading records

Trading volumes on both the New York Stock Exchange and its main rival, the Nasdaq market, set records in the first quarter of the year, writes Maggie Urry in New York.

The NYSE traded 21bn shares worth \$775bn during the period, an average of 333m shares a day. March was the busiest volume month on record when 7.8bn shares worth \$257m changed hands at an average of 340m a day.

Nasdaq volume averaged 818m shares a day in the first quarter with an average value of \$6.4bn. In 1994, daily volume averaged 235m shares.

Spanish state-owned groups cut their losses

By David White in Madrid

Spain's state-controlled airline, aluminium and electronics companies, all reduced their losses last year. Mr Javier Salas, chairman of the Instituto Nacional de Industria (INI) holding group, said:

State pulp factories and potash mines, meanwhile, moved into profit after losses in 1993. Teneo, the holding company set up three years ago to group INI's more solid subsidiaries, showed group net profits of Ptas30.3bn (\$240m) after minority interests, compared with Ptas2.8bn in 1993.

Teneo's consolidated turnover rose to Ptas2,020m from Ptas1,767m, with exports rising 23 per cent to Ptas33m. Mr Salas described Teneo as Spain's largest industrial group. However, the poor presentation of its results make it one of the least transparent.

Mr Salas said figures for INI as a whole, which also includes coal, steel, shipbuilding and defence interests which have been undergoing restructuring programmes, were not yet finalised but showed a more spectacular improvement than Teneo's.

The figures show that Teneo remained heavily dependent for its profit on Endesa, the electrical utility in which it holds almost 67 per cent. Earnings at Endesa and smaller subsidiaries, including Ptas13.7bn in 1994 by Ptas13.7bn in 1993.

The Iberia airline group, currently awaiting a European Commission decision on a proposed Ptas130bn state aid plan, reduced losses from Ptas6bn to Ptas4bn. Inespal, the Spanish aluminium producer, cut its losses from Ptas25bn to Ptas16bn, and the Indra defence electronics company, from Ptas7bn to Ptas3bn.

The Ence pulp company produced a Ptas2bn profit after losing Ptas9bn the year before. Following its strategy of concentrating its interests, the group sold interests in the Transatlantica shipping company, the Astorga crafts business and Sotag, a risk-capital venture in Galicia.

Mr Salas gave no hint on further divestment but said Teneo was looking at possibilities "in practically all sectors" for forging alliances or opening up to outside shareholders.

He indicated that Iberia would seek to reduce its current 85 per cent shareholding in Aerolineas Argentinas, the Argentina flag carrier.

Norske Skog plans Nkr840m expansion

By Karen Fosell
in Oslo

Norske Skog, Norway's largest pulp and paper producer, has disclosed plans to invest Nkr840m (\$137m) in France and Norway to boost output of newsprint and particle board.

In France, the company will increase its shareholding in Papeterie de Golbey (PdG) from 49 per cent to 84 per cent through the acquisition of a 35 per cent stake in the newsprint mill held by E. Holzmann.

Norske Skog will pay Nkr260m for the shareholding and will take on Holzmann's Nkr191m subordinated debt.

Settlement of the deal will be partly in cash, of which 30 per cent of the total will be paid over the next three years, and partly through the issue of 48,600 Norske Skog shares priced at Nkr183 each.

The deal will strengthen Norske Skog's position as one of Europe's leading newsprint suppliers and boost its sales volume of newsprint by 100,000 tonnes a year without creating new capacity which could disturb market balance.

The PdG mill, which came into production in 1992, is one of the most recently built and modern facilities of its type in Europe and has annual capacity of 250,000 tonnes. However, it had a difficult start because during the period 1991-1994 newsprint prices sunk by as much as 40 per cent.

"Norske Skog expects this period to be over soon, and views the company's future profitability with optimism," said Mr Jan Reineas, chief executive.

Since last summer the market for newsprint has strengthened considerably leading to sharp price increases by the end of 1994.

The company also announced an investment of Nkr220m in a new production line at Braskereidfoss, Norway's biggest particle board producer, and that it would pay Nkr765m to acquire Adnes Fabrikker, another domestic particle board producer, from Kosmos.

"Our intention is to create a larger and more competitive unit in the Norwegian chipboard industry. Both the investment at Braskereidfoss and the purchase of Adnes Fabrikker is strategically important to secure the long-term competitiveness of Norske Skog's particle board production," Mr Reineas said.

After the domestic investments, its particle board capacity will be 430,000 cubic metres.

Malaysian groups slip

By Kieran Cooke
in Kuala Lumpur

Two Malaysian companies involved in important projects in the country's fast expanding infrastructure sector have announced a dip in profits.

Ekran, which is behind the development of a M\$15bn (\$5.9bn) hydro power scheme in East Malaysia described as south-east Asia's biggest infrastructure project, has reported pre-tax profits down 17 per cent to M\$41m for the half-year ending December 31, 1994, on sales up 18 per cent to M\$182m. Tanjong, a gaming group

controlled by Indian-Malaysian tycoon Mr Ananda Krishnan, has reported pre-tax profits for 1994 of M\$12m, a 20 per cent drop on the previous year. Group turnover rose 5 per cent to M\$1.38bn.

Companies backed by Mr Ananda are behind the development of the M\$55bn Kuala Lumpur city centre project. Included in the project is the construction of twin towers which will rise 446 metres: the city centre's developers say that when the structures are completed early next year they will be the world's tallest office buildings.

MONTHLY AVERAGES OF STOCK INDICES

	March	February	January	December
FT-SE Actuaries Index	3078.2	3051.7	3025.3	3025.6
100 Index	3380.0	3415.4	3442.4	3447.3
Mid 250	1529.8	1523.1	1516.3	1516.7
250 Share	1631.47	1631.02	1631.29	1632.39
Non-Financial	1617.01	1625.71	1626.15	1626.40
Financial Group	2170.51	2125.71	2084.15	2124.40
All-Share	1511.04	1505.1	1501.47	1502.42
Eurostoxx 100	1246.77	1232.26	1215.78	1232.94
Eurostoxx 200	1347.59	1337.59	1323.28	1334.55
FT-A World Index	174.00	171.25	170.31	170.95
FT Index				
Government Securities	91.42	91.20	90.94	91.78
Fixed Interest	110.00	109.67	109.28	109.84
Ordinary	208.98	207.18	204.48	207.19
Gold Mines	1814.53	1714.53	1629.82	1808.49
SEAQ Bargains (5.00p)	29.59	21.747	19.820	17.831
	Highest Close Mar		Lowest Close Mar	
FT-SE 100	3176.2 (50m)		2877.0 (7m)	
FT-SE Mid 250	1493.5 (50m)		1405.5 (7m)	
FT-SE 250	1573.5 (50m)		1470.41 (7m)	
FT-A All Share	1562.46 (50m)		2277.8 (7m)	
Ordinary	2433.5 (50m)			

150 من الاصل

エマージング マーケットの
ベストバンク

ING BANK

FINANCIAL TIMES

MARKETS

THIS WEEK

Best Emerging
Markets Bank

ING BANK

TEL: 44 171 606060 FAX: 44 171 606050

Global Investor / Tony Jackson in New York

Power without responsibility



It is the season of annual meetings in corporate America, and institutional activists are wheeling out the turnbuckle. Off go the heads of underperforming companies, from the president of retailer Kmart, to the chairman of construction group Morrison Knudsen. Out goes most of the board of the chemical company WR Grace, including the chairman, Mr Grace himself.

In the US, the public use of shareholder power to unseat management has become almost commonplace. The process is more novel abroad. The recent case of the UK advertising agency Saatchi and Saatchi, in which the chairman was elected under US pressure, still rumbles on. The dissidents managed to drive off not only the boss, but several of the company's key managers and some of its highest accounts.

Given that the big US institutions are steadily increasing their overseas investments, this raises the obvious question of how far they are exporting their activism. While slightly embarrassed over the Saatchi affair, the activists are undeterred. The tide of events, they say, is running their way.

Among the most aggressive

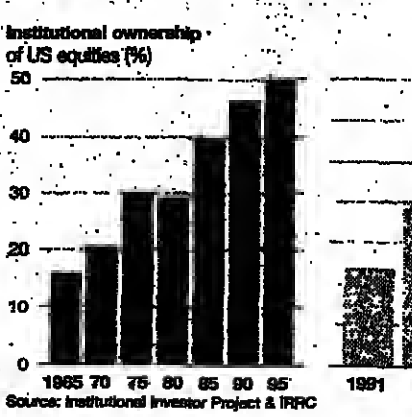
US institutions are the public sector pension funds, such as those of New York or Wisconsin. As a class, the public sector funds have more than tripled their overseas exposure in the past three years, from 3 per cent of assets to more than 11 per cent.

At the same time, US pension funds are being exhorted by the US government to exercise their voting rights both at home and abroad. In guidelines issued last summer, the US Department of Labor said it was the fiduciary duty of funds "to vote proxies on issues that may affect the value of the plan's investment".

The same principles applied, it said, "for proxies appurtenant to the shares of foreign corporations". Not surprisingly, the proportion of foreign securities voted by US institutions is estimated to have risen from 24 per cent to 65 per cent in the past three years.

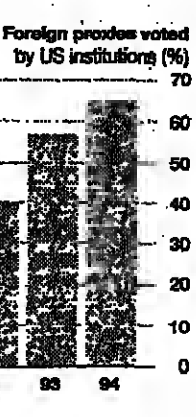
If foreign companies are to be introduced to US-style shareholder power, they are in for a shock. One of the most striking differences between

US institutions on the march



the US and elsewhere is the public way the institutions go about their business. Calpers, the giant Californian public sector pension fund, publishes an annual list of companies which it plans to tackle directly on grounds of underperformance. This year's list ran to nine, including Kmart and US Shoe - now breaking itself up in the face of a hostile bid. Similar lists are published

Foreign proxies voted by US institutions (%)



Total return in local currency to 30/3/95

	US	Japan	% change over period	France	Italy	UK
Cash	0.12	0.05	0.09	0.18	0.20	0.11
Week	0.51	0.20	0.42	0.52	0.55	0.54
Month	4.69	2.38	5.44	6.03	8.31	5.88
Bonds 5-10 year	0.23	0.54	0.50	1.28	1.14	0.07
Week	0.73	2.21	2.14	1.42	-0.05	1.22
Month	4.25	5.59	5.07	3.12	1.07	5.03
Bonds 7-10 year	0.50	0.66	0.29	1.10	1.74	0.39
Week	0.80	4.45	1.53	1.76	-0.38	1.95
Month	4.99	7.21	2.54	-0.30	-7.54	3.92
Equities	1.3	6.1	-1.1	4.8	3.7	1.3
Week	3.0	-1.8	-8.4	6.2	-2.3	5.8
Month	16.2	-15.3	-11.4	-10.2	-5.3	5.3

The proposal was duly voted down. Kmart fought on, and the \$47bn Teamsters fund put out a press release calling its behaviour "renegade" and "lawless". Mr Antonini bung on until a fortnight ago, when he resigned. Under the circumstances, one rather admires his staying power.

The showdown at WR Grace was prompted by the resignation a month ago of its highly

without responsibility. The institutions are prepared to impose potentially enormous change on large and complex corporations, thereby affecting the lives of many thousands of employees, suppliers and customers. Are they prepared to commit themselves as loyal shareholders in return?

Certainly not, say the activists. When a company is undervalued, they seek to correct the situation. Once that has been accomplished, they are entitled to the gratitude of their fellow shareholders. But if the shares are now fully valued, why on earth should they be obliged to hold on to them?

Some would go further. The trouble about activism, they say, is that it generally comes too late. Take Morrison Knudsen, a venerable construction concern which in its heyday built the Hoover Dam and the trans-Alaska pipeline. The company, whose chairman Mr Bill Agee was forced out two months ago, is facing bankruptcy. Last year it lost \$310m, and its shares are down from \$30 a year ago to less than \$5.

In the end, Mr Agee was ousted not by the shareholders, but by the banks. Where were the institutions when their asset was crumbling? One activist, Sarah Teslik of the Council of Institutional Investors, adds remarks that when executives are removed like this, journalists write that there were "warning signs". But a collapse in earnings and share price is not a sign. From the shareholders' viewpoint, it is the thing itself.

Teslik has a modest proposal for the reform of corporate governance. Let company boards be abolished and replaced by a machine for monitoring the chief executive. The machine would automatically record share price, earnings, dividends and other key data such as the prevalence of corporate jets or mistresses on the payroll. When the rating reached a certain level, the CEO would be automatically ejected.

For non-US chief executives, this kind of talk is nonsensical. They should be warned. In Washington last week, Teslik's organisation hosted a meeting between US institutions and their foreign counterparts, with the aim of establishing the kind of links which US activists employ at home. The meeting will be repeated next year in London. Like a creeping virus, shareholder power is going international.



Whatever the Maastricht treaty might imply, successful adoption of a single European currency does not hinge on economic conditions being similar in participating countries at the time it takes place. Much more important is that these economies respond in similar ways to external disturbances and to the policy instruments of a European central bank.

The Maastricht treaty's "convergence criteria" demand that aspirants to monetary union have low inflation rates, small budget deficits and modest government debt burdens. Mr Eddie George, the governor of the Bank of England, goes further. He argues that they should have similar structural unemployment rates as well.

The logic is obvious, given the tensions which have pulled apart the European exchange rate mechanism. A single currency implies a single central bank setting a single interest rate. If the doctor has to prescribe the same dose of the same medicine to every patient, it would help if they could be relied upon to have the same disease at the same time.

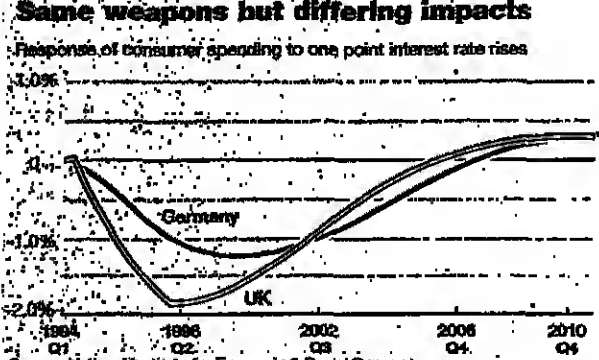
The ERM came to grief in 1992 because different countries needed different medicines, but were given the same one. The Bundesbank raised interest rates in Germany to offset the inflationary consequences of unification. Other ERM members had to follow suit to keep their currencies tied to the D-Mark, despite conditions in their own economies which suggested that rates should be lower rather than higher.

But even if circumstances in economies are similar at a given point in time, that does not mean they will stay that way. One problem is that a given external disturbance may fit some countries in different ways to others. The

Economics Notebook / Robert Chote

Structural differences

Same weapons but differing impacts



Impact of unification on Germany was a good example. Looking at the degree to which national output diverges from its trend path suggests that a small group of nations - Belgium, the Netherlands, Austria, Luxembourg and perhaps France - are hit by similar shocks to Germany most of the time. This suggests that the same policy response to a particular economic disturbance would probably suit them all.

But it is not only important that economies constrained by a single interest rate policy should face the same disturbances at the same time. They also need to react to both the disturbances and the policy response in similar ways.

One problem is that structural differences mean that consumers in the various European countries do not respond to changes in interest rates and their incomes in the same way. This is the theme of a paper written by economists at the universities of Kent and Athens, and presented to last week's conference of the Royal Economic Society. It casts further doubt on the wisdom of a single cur-

rate for the new currency.

The paper does not attempt to explain why consumer behaviour differs so widely. But some clues can be discovered from the global economic model of the National Institute of Economic and Social Research. The graphic shows the impact on consumer spending in the UK and Germany of a one-point rise in interest rates sustained for three years, with policy aimed at cutting inflation by half a percentage point for six years.

The impact on consumers in the UK is clearly greater than in Germany (and France and Italy too) for three reasons.

First, higher interest rates push down share and bond prices. Britons hold more of their wealth in this form than other Europeans, so they feel poorer and spend less.

Second, people in the UK hold a relatively small proportion of their wealth in interest-bearing form, so the total boost to the incomes of savers is comparatively modest.

Third, Britain has more mortgage-holders for whom higher interest rates imply higher housing costs. Mortgage debt is equivalent to two thirds of household disposable income in the UK, but less than half in France and a less than a quarter in Germany.

Other factors may influence the response of consumer spending to changes in income and interest rates too. This includes age structures, pension arrangements and people's confidence that rises in income will endure.

Countries deciding whether to participate in a single European currency would do better to look at factors like these than at whether their inflation rates and budget deficits happen to meet the Maastricht criteria at a given moment.

For the likes of Britain, they provide further evidence that embracing the Euro may be a course fraught with danger.

*The propagation of shocks and consumer spending in the EU, by A Carruth, E Gibson and E Tsakalotos, 1995.

COMMODITIES

Copper outlook studied

There is widespread agreement in the base metals sector that copper stands alone in unquestionably having the fundamentals to justify its present high price level. So far 1995 has seen a modest retreat from the peak reached after last year's 70 per cent rally. But prices remain profitable for most producers and look like remaining so for some time.

Nevertheless, producers of the metal cannot afford to take that for granted; and consumers need to keep abreast of developments in the industry

and the likely course of prices in the longer term.

To that end many are gathered in Hamburg, Germany, this week for a conference organised by Metal Bulletin magazine. The three-day 8th International Copper Conference, which started yesterday, is taking a broad look at the sector, reviewing, in the words of the conference brochure, "all the critical issues facing the global copper industry as we move through the 1990s. From mine source through to end-user, we will be looking at

the supply-demand fundamentals and other areas of key importance to copper industry executives".

A view of medium term copper price prospects was given last Friday, at a conference organised by James Capel, by Mr Jon Berghell, the broker's metals analyst.

Shortages in the first half of this year could bring the copper stocks/consumption ratio down to 4.7 weeks from the end-1994 level of 5.4 weeks - which was not conducive to a sharp bear market, Mr Berg-

they said. But surpluses were looming in the second half of the year - which was not conducive to a bull market either.

"Our assessment is that the metal is now very close to its peak for the next five years. Yet the low inventories with which it starts this bear market will result in a gradual drift-off in price rather than a severe downturn."

Today sees the start of a 5-day UN Food and Agriculture Organisation committee meeting in Rome on commodity problems.



Highlights 1994

Jardine Matheson

Another Record Year

- Profit after taxation and outside interests + 16%
- Earnings per share + 16%
- Dividends per share + 14%

"While 1995 is expected to be a demanding year, the Group's financial strength enables it to develop long-term opportunities throughout the Asia-Pacific Region, which is set to remain the world's most dynamic economic area."

Henry Keswick, Chairman
31st March 1995

1994 RESULTS

	Year ended 31st December	1994	1993
		US\$m	US\$m
Turnover		9,558.8	8,424.5
Profit before taxation		971.2	824.3
Taxation		(195.8)	(160.0)
Profit after taxation		775.4	664.3
Outside interests		(322.8)	(275.5)
Profit after taxation and outside interests		452.6	388.8
Extraordinary item		-	35.2
Profit attributable to Shareholders		452.6	424.0
Dividends		(145.0)	(128.3)
Retained profit for the year		306.6	295.7
		US\$	US\$
Earnings per share			
— basic		77.77	67.21
— fully-diluted		76.95	66.31
Dividends per share		25.00	22.00
		US\$	US\$
Net assets per share		5.62	4.66

Jardine Matheson Holdings Limited
Incorporated in Bermuda with limited liability

Patrons, Options & Currencies with direct access to exchange floors
James Maxwell
Tel: 0171 762 3377
Fax: 0171 480 6119

UK & International Equities and Bonds, GDRs and ADRs
Mervyn Mehta
Tel: 0171 762 3377
Fax: 0171 480 6114

Signal

Real-time U.S. & international quotes on over 90,000 issues
As low as \$9/day. Call today:
44 (0) 171 600 6101

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKET RETURNS US dollar Number of first	FRIDAY MARCH 31 1995									THURSDAY MARCH 30 1995									DOLLAR INDEX		
	US Dollar Index	% Change 30/19/94	Point Sterling Index	Yen Index	DM Index	Local Currency Index 30/19/94	Local % Change	Gross Yield	US Dollar Index	% Change 30/19/94	Point Sterling Index	Yen Index	DM Index	Local Currency Index 30/19/94	Local % Change	Gross Yield	Year ago % Change				
Australia (9)	161.85	-5.8	147.10	88.27	114.90	146.55	-0.4	4.05	159.94	147.69	100.00	119.57	145.14	186.25	67.95	102.45	-				
Canada (10)	185.75	-1.8	189.00	101.45	132.15	336.10	-10.2	1.23	178.82	181.35	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
France (9)	182.59	-5.1	182.22	96.72	125.91	125.91	-	1.58	182.59	185.22	100.00	120.75	126.72	182.59	-181.53	165.98	-				
Germany (9)	111.80	-0.15	100.00	74.01	94.54	184.59	-27.4	1.75	115.61	107.54	100.00	105.67	84.94	192.39	-	120.54	-				
Italy (9)	111.80	-0.15	100.00	74.01	94.54	184.59	-27.4	1.75	115.61	107.54	100.00	105.67	84.94	192.39	-	120.54	-				
Japan (9)	111.80	-0.15	100.00	74.01	94.54	184.59	-27.4	1.75	115.61	107.54	100.00	105.67	84.94	192.39	-	120.54	-				
UK (9)	220.36	3.4	227.02	142.22	185.25	162.15	-7.8	1.85	220.36	224.04	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	173.82	-4.0	182.22	96.72	125.91	125.91	-	1.58	173.82	185.39	100.00	120.75	126.72	182.59	-181.53	165.98	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
UK (9)	217.94	5.7	186.55	118.03	159.05	188.27	-0.1	1.75	217.94	217.94	100.00	121.52	143.51	188.89	187.49	188.89	187.49				
US (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Europe (101)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
Germany (9)	181.89	11.1	186.55	98.24	104.40	104.40	-8.6	2.14	142.25	132.00	100.00	104.33	104.33	154.61	132.08	137.25	-				
France (9)	181.89	11.1																			

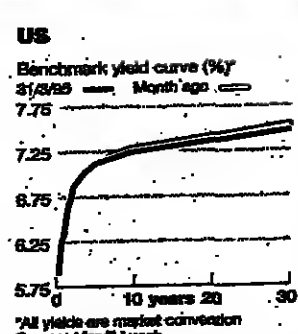
WORLD BOND MARKETS: This Week

NEW YORK

Richard Waters

Evidence on US economic conditions in March will begin to emerge this week, a process that will lay the ground for the next meeting of the Federal Reserve's policy-making committee next month.

The picture is generally expected to be one of continuing moderate growth after a slowdown in the economy during the first three months of the year. That should be good news for bonds, which have already notched up some useful gains this year (the yield on the 30-year bond ended the first quarter below 7.5 per cent, around 50 basis points lower than at the beginning of the year).



As long as the dollar's woes continue, scaring foreign investors (including central banks) away from the Treasury market, volatility will remain. The most important economic news this week will be Friday's March employment report. Non-farm payrolls are expected to rise by around 225,000, with the unemployment rate steady at 5.4 per cent. At this level, job growth would be slightly below the average of recent months.

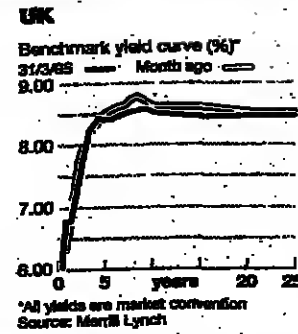
LONDON

Martin Brice

Gilt investors and traders will be keeping a close eye on Wednesday's monthly monetary policy meeting between Mr Kenneth Clarke, the chancellor of the exchequer, and Mr Eddie George, governor of the Bank of England, particularly following last week's surprise interest rate cut by the Bundesbank.

New Japan Securities puts only a 40 per cent probability on the meeting deciding on a UK rate rise, but some analysts say that Mr George could justify such a move by pointing to the increase in producer output and input prices, labour costs growth and the fall in sterling. The output gap is reducing, since revised GDP figures show growth of just above 4 per cent in the fourth quarter last year.

However, Mr Clarke can point to the deceleration in the economic growth in the first quarter of this year, smaller falls in unemployment, which should restrain wages growth, and the effect of tax increases due this month.



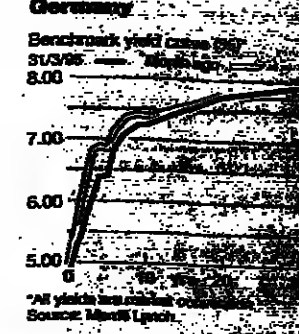
New Japan Securities shares the view of some other analysts that Mr Clarke will prefer to wait until May, when the next Bank of England inflation report is released, and also to see to what extent sterling recovers after the surprise from the Bundesbank. The UK 10-year yield spread over Germany closed on Friday at 150 basis points, widening from 145 points on Thursday.

FRANKFURT

Andreas Fisher

Bond and currency markets are still digesting last week's interest rate cut by the Bundesbank, the first since last summer. It came as a surprise to many, although the D-Mark's rise had made such a move less improbable than in previous months. The reaction in bonds was mixed, with traders waiting to see what happens on the inflation front.

It is to be hoped, at the start of wage negotiations in the public sector, that the central bank's measures are not interpreted as a false signal by public authorities as far as cost-consciousness and deficit reduction are concerned, said Landesbank Rheinland-Pfalz. The Bundesbank said when announcing its cuts that it was still watching inflation closely. It has left itself some flexibility by putting the next repo operations, after this week's 4.50 per cent fixed-rate tender, on a variable basis. "Switching back to variable rates puts an element of uncertainty in the market,"



says Mr Richard Reid of UBS. "Historically, rises in headline rates have often been preceded by the Bundesbank shortening the maturity of funds in the repo operations and talking hawkishly so subsequent hikes in official rates can be claimed to be led by the market." He does not expect the first point discount rate cut to 4 per cent to be reversed quickly, the first rise could come in the fourth quarter as inflation and budget concerns subside.

TOKYO

Emiko Terazono

The Bank of Japan's unprecedented announcement last week that it would guide short-term rates lower without cutting the official discount rate seems to be the result of an internal debate within the central bank.

The argument for an ODR cut has persisted over the past few months, with the economic recovery looking increasingly fragile due to the rise in the yen, falling inflation and a weak stock market. However, the bank needs concrete evidence of a downturn before such a move.

It also probably wants to avoid being seen to be responding to political pressure and international events as it did in the late 1980s, which subsequently led to the "bubble" in asset prices. Investors are now focused on the unscheduled overnight call rate, which is controlled by the bank. "The BoJ has maintained a margin between the ODR and the call rate of at least 25 basis points, but it now



appears that they are willing to let the call rate fall even below the ODR," says S.G. Warburg in Tokyo. Since a 50 basis point cut in the ODR would have brought it down to 1.7 per cent, a fall in the call rate to that level could serve the same purpose. However, with the yen likely to just now high this week, further depressing business confidence, the central bank may not be able to evade an ODR cut much longer.

Preference shares

Merrill tests euro-waters with Argentina

Merrill Lynch has been rather good at selling preference shares to investors in the US but now that interest there has waned, it has switched its efforts to the eurobond market.

Preference shares are a cross between debt and equity. Although the investor receives a dividend, the product tends to trade like a bond. In the US, there is a well-established and liquid market in preference shares, the most popular being fixed-rate perpetual issues. According to Salomon Brothers, they represent 60 per cent, or \$40.7bn, of the US preference share market.

The main issuers of these preference shares have been banks, because they can use them to meet tier one capital requirements at a relatively low cost. Companies have also issued preference shares to take advantage of tax benefits.

The relatively high yields on preference shares made them popular with US investors, especially retail customers, when interest rates fell sharply in the early 1990s. However, the rise in US interest rates last year made them less

attractive to investors and hence more expensive to issue. The result was a halving in issuance of fixed-rate preference shares in the US to about \$12bn in 1994 from \$25bn in 1993, according to Merrill.

Preference shares have not had the same success in Europe, mainly because European retail investors tend to be more conservative than their American counterparts and stick to either shares or bonds. The lack of demand for preference shares in Europe has prompted European banks to go to the US to bolster their capital base. Over the last four years, Barclays Bank, National Westminster, Midland Bank, Royal Bank of Scotland, Santander, Banco Bilbao Vizcaya and Credit Lyonnais are just some of those to have tapped the US market.

Their offerings have been denominated in dollars and bankers say it is unlikely that US investors will buy preference shares in other currencies. However, European banks and companies may soon be able to do just that if Merrill succeeds in arousing sufficient

interest in preference shares in the eurobond market. Merrill says there is demand among traditional buyers of eurobonds for preference shares. It notes that around one-third of some of the US offerings it has arranged are held by international investors. Furthermore, eurobond traders are now making a market in US preference shares.

Initial soundings by Merrill for its test case, a DM200m deal for Argentina, the state-controlled Spanish bank, have been positive. In particular, there has been interest from Latin American accounts. Merrill is keen for the Argentina deal to be a success so that other financial institutions can follow suit. More importantly, perhaps, it will open up a new line of business to compensate for the big fall in eurobond issuance this year.

Merrill can also earn much larger fees on preference share issues than on run of the mill eurobond transactions. Eurobond syndicate managers at other investment banks will be watching the Argentina offering with interest but

it has been hard to find any who share Merrill's optimism that a euro-preference share market will take off.

Many syndicate managers in London and Frankfurt generally believe that the demand among retail investors in the eurobond market is for maturities of up to five years and that they are unlikely to venture further down the yield curve until the outlook on interest rates becomes clearer.

One syndicate manager notes that trading activity in Genussscheine (a German variation on preference shares and usually issued by banks) has virtually dried up because of the lack of demand for long-dated paper.

As a result, 10-year Genussscheine issued by triple A-rated Deutsche Bank are now yielding 140 basis points over 10-year German government bonds (bunds). By comparison, the planned margin of 195 basis points over bunds on preference shares from double A-rated Argentina is hardly generous.

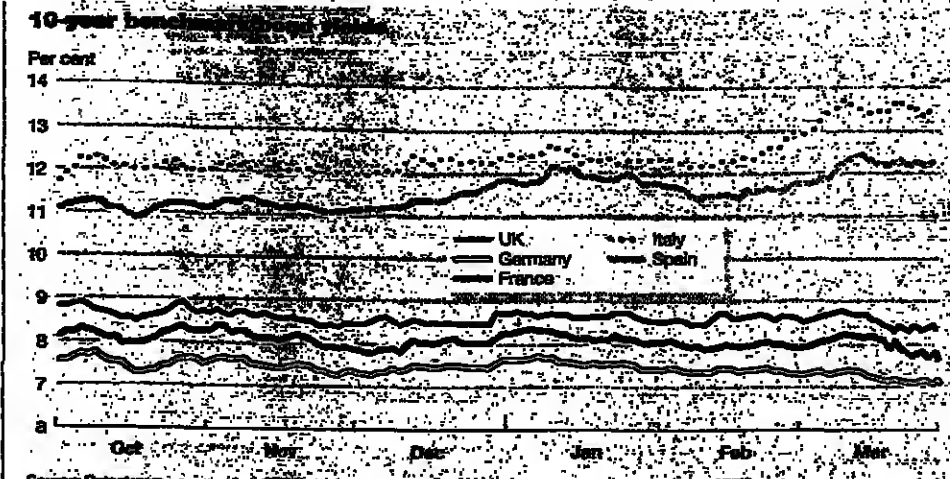
Another point which investors must take on board before

parting with their money is that if Argentina has a very bad year, it will not declare dividends. Furthermore, since the shares are non-cumulative, the missed payment is never paid, even when subsequent payments are resumed.

By all accounts, Argentina is well-capitalised bank with a rosy future so a missed dividend might never occur, but the risk is there. Investors should also be aware that the main reason for Argentina doing this deal (apart from getting cheap tier one capital, of course) is so that the bank's directors can boast that they were the first to do a euro-preference share offering.

Since there is no guarantee that a liquid euro-preference share market will develop, investors might want to wait and see how these shares trade before jumping in. Otherwise they could be stuck with an illiquid instrument and the cold comfort that they made it possible for Merrill to earn a fat fee and for Argentina to cock a snook at its rivals.

Antonia Sharpe



INTEREST RATES BY COUNTRY		Germany		France		Italy		UK	
Discount	3m	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Overnight	3m	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Three month	3m	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
One year	3m	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Five year	3m	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Ten year	3m	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50

US TREASURY BOND YIELDS BY COUNTRY (100,000 \$ of 100%)

US TREASURY BOND YIELDS BY COUNTRY (100,000 \$ of 100%)		Germany		France		Italy		UK	
Open	Close	102.28	102.28	102.28	102.28	102.28	102.28	102.28	102.28
High	Low	102.28	102.28	102.28	102.28	102.28	102.28	102.28	102.28
Settle	Settle	102.28	102.28	102.28	102.28	102.28	102.28	102.28	102.28

International bonds

A tough first quarter for dealers

This year is turning out to be a tough one for dealers in the international bond markets. After a flurry of activity in the first few weeks, activity has tailed off.

According to data supplied by Euromoney Bondware, the value of new bond issues will have reached about \$103.3bn in the first three months of the year, a fall of some 18.1 per cent from the \$126.1bn of the same 1994 period. Activity was also lower than in 1993, when new issuance in the quarter amounted to \$115.2bn.

Volatility in the markets is affecting investor sentiment. In particular, the financial crisis which followed Mexico's devaluation in December has frightened fund managers away from emerging and other high risk markets.

After a revival in Latin American bond issuance last year, syndicate managers have found it more difficult to tempt investors by new Latin issues. Only three issues for a total of \$360.8m have come from Latin America so far this year, compared with 39 issues from the region for \$5.97bn in the first quarter of 1995.

Traders say that with bond prices falling in southern Europe and other high yield markets, a number of governments and regional authorities have had more difficulty in bringing issues to the markets.

But the market's problems also reflect the fact that many governments and businesses are turning to the syndicated loan market to raise money.

For many borrowers, the loan market, where cash-rich banks are engaged in fierce competition to win new business, has offered better value.

Competition in the market was demonstrated last week when a facility for \$1, the UK

TOP INTERNATIONAL BOND LEAD MANAGERS

TOP INTERNATIONAL BOND LEAD MANAGERS		First quarter of 1995		First quarter of 1994	
Manager	Rank	1	2	1	2
Merrill Lynch	1	7.95	39	8.75	2
CSFB/Credit Suisse	2	6.71	38	10.99	1
Swiss Bank Corp	3	5.85	43	4.58	9
JP Morgan	4	5.82	28	4.49	10
Deutsche Bank	5	5.52	22	4.32	7
Paribas	6	4.27	32	2.86	17
Nomura	7	3.92	33	4.07	12
Morgan Stanley	8	3.44	25	5.19	6
Goldman Sachs	9	3.34	18	7.24	3
UBS	10	3.15	20	5.43	4
Industry totals	103.27	100.0	658	126.12	100.0

Full credit to bondware Source: Euromoney Bondware

investment capital group, was oversubscribed one and a half times. Loan spreads have been reduced by about 50 per cent over the last 12 months.

Figures from Euromoney confirm a sharp rise in loan activity, with the total value of syndicated loans rising from \$48bn in the first quarter of 1994 to \$81.57bn in the same period this year.

The syndicated loan market has provided funding for sovereign borrowers such as Italy and Sweden - active players in the bond market.

The spread over Libor of 8 basis points achieved by Italy when it completed a \$500m facility in mid-February compared with a rate of 40 to 50 points over Libor which, according to dealers, it would have been able to get through

raising fixed-rate debt and then swapping into floating-rate obligations. Indeed, eurobond managers insist that the narrowing of spreads in the swaps market is an important part of the market's difficulties.

When swap rates - which are quoted in basis points over the equivalent Libor floating rate - are high, it is attractive for some borrowers to swap the proceeds from fixed-rate eurobond issues (which account for between two-thirds and three-quarters of all issuance) into floating-rate obligations.

Possibly as much as 80 per cent of all eurobond issues are swapped into floating-rate issues, in deals that can reduce borrowing costs to rates lower than those obtainable in conventional markets.

INTERNATIONAL BOND ISSUES BY CURRENCY

INTERNATIONAL BOND ISSUES BY CURRENCY		1995		1994	
Rank	Currency	1	2	1	2
1	US\$	96.79	180	1	61.74
2	D-Mark	14.03	46	5	9.07
3	Yen	12.16	121	4	9.14
4	Sfr	8.75	85	3	8.98
5	Sterling	6.41	31	2	14.11
6	Lira	5.55	41	6	4.52
7	FF	5.01	61	12	1.29
8	FF	4.68	15	3	10.78
9	Guider	4.28	25	6	4.57
10	Ecu	2.97	18	10	3.95

First quarter Source: Euromoney Bondware

NEW INTERNATIONAL BOND ISSUES

NEW INTERNATIONAL BOND ISSUES		Amount		Maturity		Coupon		Price		Yield		Launch		Book cover	
Borrower	Amount	220	Apr 2005	7.25	103.94	7.384	117.5-118.0	105	105	105	105	105	105	105	105
US DOLLARS	220	Apr 2005	7.25	103.94	7.384	117.5-118.0	105	105	105	105	105	105	105	105	105
US DOLLARS	220	Apr 2005	7.25	103.94	7.384	117.5-118.0	105	105	105	105	105	105	105	105	105
US DOLLARS	220	Apr 2005	7.25	103.94	7.384	117.5-118.0	105	105	105	105	105	105	105	105	105

ABN-AMRO Holding N.V.

established at Amsterdam

FINAL DIVIDEND 1994

The Managing Board of ABN AMRO Holding N.V. proposes, with the approval of the Supervisory Board, to declare a dividend for the 1994 financial year of NLG 3.20 per ordinary share of NLG 5 each. As NLG 1.50 has already been made available as interim dividend, the final dividend will be NLG 1.70.

The proposed dividend includes a stock option construction which differs from previous years. The final dividend will now be payable, at the shareholder's option, either wholly in cash or wholly in ordinary shares chargeable to the share premium reserve.

Shareholders are given the opportunity until 3 May 1995 at the latest to indicate their choice. Failing notice by that date, holders of shares will receive the dividend in cash, against dividend coupon no. 20.

On 3 May 1995, after the close of trading on the Amsterdam Stock Exchange, the number of stock dividends entitling to one new share will be determined on the basis of the average quotation for that day. The value of the stock dividend will not differ significantly from the value of the cash dividend.

To round stock dividend holdings to exchangeable numbers, the stock dividends can be traded on the Amsterdam Stock Exchange from 9 May up to and including 12 May 1995.

The calendar is as follows:

- 3 April - 3 May 1995 : Period for instructions concerning dividend options
- 3 May 1995 : Determination of stock dividend (after close of trading)
- 8 May 1995 : General meeting of shareholders: approval of dividend proposal
- 9 May 1995 : Ex-dividend quotation
- 9 - 12 May 1995 : Trading in stock dividends to round holdings to exchangeable numbers
- 22 May 1995 : Final dividend payable

Shareholders who have deposited their securities with a bank or stockbroker are requested to notify their choice, through their bank or stockbroker, to National Westminster Bank PLC (Crawley) or to ABN AMRO Bank N.V., Herengracht 595, 1017 CE Amsterdam, the Netherlands. Shareholders who have not deposited their securities with a bank or stockbroker are requested to notify their choice direct to the bank's above address. Holders of registered shares, whose names have been entered in the ordinary share register, will be notified individually of the final dividend.

The new ordinary shares rank fully for dividend for 1995 and ensuing financial years. Final dividend taken in the form of ordinary shares is chargeable to the share premium reserve and therefore exempt from Dutch withholding tax and income tax.

The ordinary share final dividend will become payable on 22 May 1995.

The preference and convertible preference share dividend will be announced in an advertisement dated 9 May 1995.

ABN AMRO Holding N.V.

Amsterdam, 31 March 1995

ABN-AMRO

150 من الاجل

EQUITY MARKETS: This Week

NEW YORK

Lisa Branstetter

Bulls set store on economy slowing down

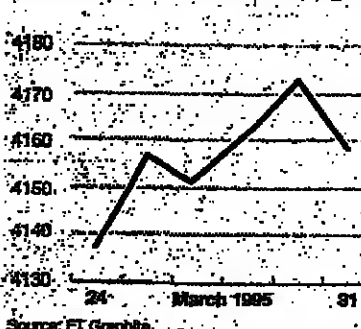
Bulls and bears may struggle for dominance on the market in the early part of this week as opposing forces tug at investors. Economists expect most data to continue to show a moderate slowing of the economy, but they also believe the dollar could hit new lows against the Japanese yen.

So far the dollar's loss of nearly 15 per cent of its value against the yen since the beginning of the year has exerted almost no pull on stocks. In the same period, the Dow Jones Industrial Average has added more than 5 per cent to its value and the more broadly traded Standard & Poor's 500 has gained more than 9 per cent.

Instead, equity investors have paid more attention to evidence that the economy is slowing and might not require another round of monetary tightening.

Data from the National Association of Purchasing Management should

Dow Jones Industrial Average



Source: FT Graphics

support that belief if, as economists expect, the index of business activity in March declines to 53.5 per cent from February's 54.5 per cent.

The week's most important piece of data will be March unemployment figures due on Friday. Economists believe the figure will hold steady at February's level of 5.4 per cent, while the increase in non-farm employees will slow to 225,000 from February's 318,000.

If any figures come in sharply stronger than anticipated, the bullish sentiment may ebb and bring the soaring markets back to earth.

LONDON

Terry Byland

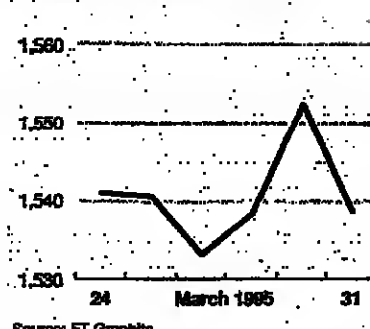
Effects of Bundesbank move in doubt

The first quarter of 1995 has ended dramatically as the Bundesbank caught out most UK - and other European - analysts by cutting discount and repo rates. The UK stock market read this move as being driven by currency developments, as the first serious rescue line thrown to the dollar, and brushed off the Bundesbank's discouragement of such views.

But Friday afternoon's renewed slide in the US currency cast doubt on whether the Bundesbank action has changed the market equation. From a stock market rule-of-thumb judgment, a recovery in the dollar would be good for international blue chips. These stocks have not noticeably lagged the London market's advance to new 1995 peaks; indeed, the blue-chip dominated FT-SE 100 index has outperformed wider-ranging indices.

The other half of the equation is that the Bundesbank's action has soothed

FT-SE-100 All-Share Index



Source: FT Graphics

fears that UK rates might be forced up soon. Mr Richard Jeffrey at Charterhouse Tilney argued that rates might not rise again in 1995. Thursday's upsurge in London saw the interest rate-related sectors well to the fore.

City analysts were still sticking with this scenario at the end of the week, although Friday's developments in currencies appeared to undermine such confidence. Analysts hope this week's meeting between the UK chancellor and the governor of the Bank of England will take place against a happier background.

Global share offerings

Issuers finding it hard to arouse much enthusiasm

In spite of the Bundesbank's surprise rate cuts last Thursday, conditions in the primary equity sector remain tough, and many issues in progress are having a hard time arousing much investor enthusiasm.

Soggy stock markets, continued currency tensions, interest rate uncertainty and the weak performance of new issues in recent months have conspired to ruin investor appetite for new paper. Cyclical stocks have been particularly badly hit, while steel stocks suffered the additional blow of price cuts by US steelmakers.

In this troubled environment, the Bundesbank's rate cuts were widely welcomed. But few were willing to predict that the move would trigger a radical turnaround in the primary market's fortunes.

"It has given us a ray of hope, but we will need a sustained period of strong markets to make people look at new issues again," said another syndicate official.

Moreover, some warned a European stock market rally could encourage increased volumes of issuance, which could limit the markets' upside. "The fact that issuers are sitting on the sidelines will put a cap on the markets," said one banker.

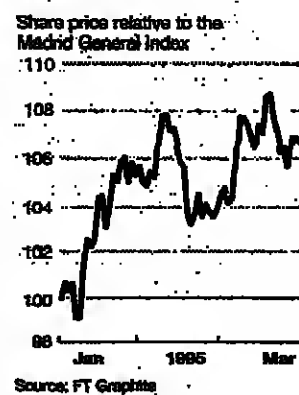
With market conditions expected to stay difficult, therefore, investors are likely to remain highly selective in the shares they buy and the price they pay for them.

"Many investors are more discriminating now than they were last year," said one syndicate manager, adding that this puts more pressure on issuers to have more realistic expectations on the price they can get for their deals - if they can get them done at all. "It is unlikely that the market will return to an environment where everything can be done, and the onus will be on us, the banks, to advise issuers as to what can or can't be done."

Last week's sale of shares in Austrian specialty steel maker Böhler-Uddeholm provides a clear example of investors' current price sensitivity.

A total of 8.25m shares was initially offered to investors in an indicated price range of

Repsol



Source: FT Graphics

Sch650 to Sch750 per share. Pressured by the general market malaise and woes in the steel sector, the range was lowered last Monday to Sch550 to Sch600 and the Austrian state holding company OIAG withdrew its offer to sell a 5.25m share stake in the company. On Wednesday, the remaining 3m new shares were priced at Sch550.

"We are pleased that we managed to get this issue done, given the unfriendly conditions in the steel sector and the new issue market in general," said a syndicate official at S.G. Warburg, the deal's EU lead manager. The deal was split into three equal tranches, with Creditanstalt lead manager for Austria and CS First Boston lead manager for the rest of the world.

The problematic sale of Böhler-Uddeholm, and the withdrawal during the previous week of another two IPOs, make for a difficult start to the week for SGL Carbon, a subsidiary of Hoechst chemicals which hopes to raise at least DM400m through an IPO.

"Many investors are worried that this is another ill-fated cyclical, steel-related story," said one dealer. However, last week's European roadshows were said to have generated decent demand as investors warmed to the company's story and its management.

The indicated price range for the SGL offering has been set at DM65 to DM68, excluding a 15 per cent over-allotment

option, between 7.2m and 9.1m shares are to be issued. Pricing is due today. Dresdner Bank and Kleinwort Benson are joint global co-ordinators.

The stream of German IPOs continues to swell. E. Merck, the family-owned German pharmaceuticals company, plans to come to the stock market later this year in what will be the biggest share offering by a privately-controlled German business. The group is said to want to raise up to DM2.5bn by selling 25 per cent of its stock to the public. Dresdner Bank and UBS have been appointed joint global co-ordinators.

On a rather smaller scale, APCOA Parking, a leading European car-park operator, plans to go public after Easter with an international offering expected to total around DM85m, to be listed in Frankfurt and on the London Stock Exchange's SEAQ system. S.G. Warburg and Trinkaus & Burkhart are joint lead managers.

Flying in the face of troubled conditions in the international equity market, the offering from Repsol, the Spanish oil group, has met firm domestic demand.

Advance orders for the retail allocation of the global share offer are sufficient to cover the allocation twice, and the Spanish cabinet has approved an increase in the sale of up to 19 per cent of its capital from the initially authorised 15 per cent.

Maximum price for the share offer is likely to be around Ptas3,585, based on calculations from last week's average price of the stock.

The domestic tranche now makes up 57 per cent of the issue, which is worth about \$1.5bn.

Elsewhere on the Iberian peninsula, the domestic marketing campaign for the Portuguese government's sale of 25 per cent of Portugal Telecom is to be launched this week. Details of the deal are not yet known, but it is expected to be worth about \$1.2bn, with Merrill Lynch, S.G. Warburg, UBS and Banco Essi joint global co-ordinators.

Conner Middelmann and Martin Brice

OTHER MARKETS

FRANKFURT

Apart from a short-term psychological impact, analysts do not expect last week's discount rate cut to have much of a direct impact on the market which is likely to continue to be driven by currency movements.

UBS says the current macroeconomic environment calls for a somewhat less aggressive portfolio and recommends a mix of cyclical with high dividend yields, like Hoechst and BASF, and bombed out cyclical.

Banks, at the centre of attention during their results season, offer an alternative for risk-conscious investors, due to their positive earnings and relatively lower risk. Gross dividends of around 4 per cent should be an additional attraction.

UBS likes department stores and utilities in the current environment, although because of strong outperformance over the last couple of weeks, they do look vulnerable to profit-taking.

Meanwhile, the market's focus will remain on currencies and the wage round as talks in the public sector have just started.

UBS notes that employers

have not yet responded to OTV's initial claim of 6 per cent and that as there is much lower productivity growth in public services, the settlement should be well below those reached in the manufacturing sector. However, the IG Metall headline 4 per cent increase will be seen as a benchmark by the union, which will make the talks difficult.

PARIS

Alcatel Alsthom, the country's third biggest company, will publish its 1994 results on Wednesday, writes John Pitt.

ABN-Amro Hoare Govett forecasts an earnings estimate for last year of FF4.2bn, or FF27.9 per share, and notes that 1994 was a difficult year for the group, "with a dramatic contraction of telecoms business in Germany and ongoing corruption and over-billing investigations into both the group and the chairman/chief executive Mr Pierre Suard".

The broker adds that "earnings visibility is low at the moment since it is unclear how great restructuring charges will be. Following its 27 per cent underperformance over the past 12 months, we have recently upgraded the share from sell to hold".

MILAN

The pension reform proposal expected this week could give some breath and comfort to the market, even if the political picture remains confused, says NatWest Securities.

However, the uncertainty is offset by good news on the corporate front.

Pirelli's expected turnaround was confirmed last week as the group managed to reduce indebtedness significantly. Rinascente and Benetton confirmed expectations of flat earnings, while on the publishing side, Mondadori reported a rise in net profitability, although Espresso fell into loss.

Bank results, however, were disappointing compared with 1993. NatWest continues to remain very selective in a still uncertain market.

AMSTERDAM

Full-year results from Fortis Amey on Thursday will bring the Dutch insurance reporting season to a conclusion after last week's figures from Aegon and ING.

ABN-Amro Hoare Govett, which had been expecting 1994 results to be up by an average of 12 per cent, says the increase in net profits is a

reflection of a strong life business in both The Netherlands and the US, and an improvement in the underwriting trend of general insurance in the domestic markets.

It adds that insurance operations should benefit from cost efficiency measures. ABN forecasts a 9 per cent rise in 1994 net profits from Fortis Amey, with the result boosted by the consolidation of ASLK, the Belgian assurance group. IHC Caland, the engineering and dredging group, reports full-year figures today.

HONG KONG

After its recent strong run, reflecting an improvement in the local property sector and in line with Wall Street's record setting performance, the Hang Seng index has been finding resistance around the 8,800 level. With the results season now over, there is little in the offing in the short term to spur prices much higher.

Meanwhile, investors will be watching HSBC and Hong Kong Telecom, the two largest index stocks, which both found themselves under pressure at the end of last week as investors gave a wary response to the launch of stock futures on the issues.

TOKYO

While the Bank of Japan announced an easing of short-term money market rates last Friday in response to the cut in the official discount rate by the German Bundesbank, the subsequent plunge in both the stock market and dollar seem to indicate that it is not enough and a more symbolic move of a cut in Japan's ODR is called for, writes Emilio Terazono.

Aside from the financial markets, the case for a cut in the ODR is supported by the fall in inflation - last week's wholesale price index for March fell an annual 0.8 per cent - pointing to a rise in real interest rates, with negative implications for the economy.

An interest rate cut will improve the valuation of Japanese shares. "An interest rate cut on its own might not necessarily halt the decline," says Mr Jason James, strategist at James Capel.

"But combined with an allocation of public funds, it gives a neat mixture of improvement in the supply-demand balance with fundamentals," he says.

Compiled by Michael Morgan

Last year was an important one for KPN. In June 1994, the State of the Netherlands sold 30% of its KPN shares. The company was listed on the Amsterdam Stock Exchange for the first time on June 13. KPN sales increased to more than NLG 18 billion in 1994. Net income rose to more than NLG 2 billion. 1995 will be another interesting year for KPN as it responds to the challenge of national and international market developments.

	1994	1993	Growth
Total operating revenues*	18,592	17,529	6.1%
Operating income	2,035	1,777	14.5%
Net income*	2,035	1,777	14.5%
Net income per ordinary share of NLG 10 (in guilders)²	4.42	3.86	14.5%

*For the purposes of comparison the 1993 results have been amended for presentation and changes in accounting principles. Since 1994, goodwill paid when acquiring Unisource and associated companies is capitalised and written off over the expected economic life. Similarly, the amounts for foreign postal services charge PTT Post for delivering international mail are no longer deducted from sales but included under expenses of PTT Post. **Based on 460,473,810 ordinary shares. *In millions of guilders, unless stated otherwise.

communications partnership, PTT Telecom is able to operate even more efficiently in the international telecommunications market.

In December 1994, Unisource announced wideranging cooperation with AT&T of the United States in Uniworl, a new joint venture which will offer an integrated range of global data and communication services.

KPN Multimedia and KPN Kabel. The establishment of KPN Multimedia deserves special mention among the numerous innovations at KPN. This new joint venture by PTT Post and PTT Telecom brings together companies and activities related to the digital highway, ranging from Internet to home shopping.

KPN Kabel, which includes NV Casema,

will develop international activities in the cable television field.

Copies of the 1994 KPN annual report are obtainable free of charge. Return the coupon, send a fax (+31 6 0997794) or phone us on (+31 6 0998894) during office hours (9 a.m. - 5 p.m. local time).

YES, I would like to receive the 1994 KPN Annual Report (available from April 14, 1995).

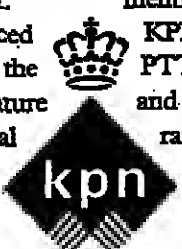
Name: _____ (Mr/Mrs/Ms)

Company: _____

Address: _____

Country: _____

Please return this coupon in a sealed envelope to: KPN, Antwoordnummer 585, 7400 VB Deventer, The Netherlands (no stamp required).



koninklijke ptt nederland

KPN continued streamlining its organization in 1994 to prepare for the future. Increased efficiency and a reviving economy contributed to the excellent results. In the light of present trends KPN expects further growth of sales and income in 1995.

PTT Post. A specific group of customers - small and medium-sized companies - accounted for most of the increase in national mail in 1994. International mail made a substantial contribution to the higher volume of postal traffic. Internationalization of the business community will continue to stimulate growth in 1995. Additionally, the company is examining ways of reducing costs and increasing mail flows by introducing new services.

PTT Telecom. Sales increased in all areas of the company's business in 1994, especially mobile telecommunications and national telephony. As a member of Unisource, a European tele-

dealers

Agenda

1. *How The Communication Revolution Is Changing The Face Of The Business World.*

2. *How Good Communication Can Give Our People A New Perspective And Spirit.*

3. *How Good Communication Within Our Company Can Empower Our People.*

4. *How To Choose A Communications Supplier.*

5. *Who Is The Best Communications Company In the World?*

Let's talk

We believe that the agenda you see above contains some of the most important issues facing global business today. Why not try passing it around at your next board meeting? Provoke some debate.

We have a passion for communication. It is our business and we believe it can make a difference to yours. That's why we have dedicated

ourselves to building the outstanding global communications network and a unique portfolio of products and services to match.

We have set up Concert with our global partner MCI to make fully integrated global communications a reality for all our customers. We are independent and free

from vested interest, leaving us free to recommend the best system for our customers' needs.

And we are open for business now. If you would like to embark on a long and profitable relationship, let's talk. Or if you would simply like another copy of the agenda, just call us now on +44 117 921 7721.



Global communications

FINANCIAL TIMES MONDAY APRIL 3 1995

FINANCIAL TIMES MONDAY APRIL 3 1995

FINANCIAL TIMES MONDAY APRIL 3 1995

FINANCIAL TIMES MONDAY APRIL 3 1995

FINANCIAL TIMES MONDAY APRIL 3 1995

OFFSHORE AND OVERSEAS

Fidelity Money Funds
 Portsmouth Hall, Portsmouth, Sarum
 UK. Prof Advisors 0800 414181
 Private Global 0800 414181
 From Outside (44) 1732 777577
 60-61, Southway

Janey 01524 7
 00 355 25040
 Hong Kong 852 2211 1111
 00352 437 1111

ANZ Magnet Co (Germany) Ltd
Energy Unit Ltd in Plc. | 511.12 11.51 | - 14

GUERNSEY (REGULATED) (TM)

AIB Investment Managers (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey GY 9 0JH 0(481) 7106

GUERNSEY (SIB RECOGNISED)

Yamaichi Capital Mgmt (Guaranty) Ltd			
Yamaichi ESS Fund	\$6.79	=	48
Yamaichi CB Plus Fund	\$10.55	=	47

U.S. Advisors (Guernsey) Limited
US GI Stnt Prac Mkt & Mkt Res | \$23.97 24.93 | - | 49
Wells Fargo Nkko Inv Adv Gsy Ltd

Mar 24	53.87	-	53
Emerging Dynamic Fund Plc	53.28	-	53

	Selling Price	Buying Price	Yield Grant	C I
--	------------------	-----------------	----------------	--------

AIB Fund Managers (CI) Ltd

JERSEY (SIB RECOGNISED)**JERSEY (REGULATED)(*)**

Interest Expense	5	66.52	100.55	0.00
ESB Off Fund Ltd				
Guarantee Share	3	102.11	105.52	7.77
Dividends Share	1	93.93	101.28	7.56

00 267.89
FEB 28 11:00 AM

NY 473, L-2014, Investment
DCA Income _____
Dolphin Intl Investments (S) SICAV

	Est. Value	Setting Price	Trading Price	Time of Day
1	100	100	100	10:00
2	200	200	200	10:05
3	300	300	300	10:10
4	400	400	400	10:15
5	500	500	500	10:20
6	600	600	600	10:25
7	700	700	700	10:30
8	800	800	800	10:35
9	900	900	900	10:40
10	1000	1000	1000	10:45
11	1100	1100	1100	10:50
12	1200	1200	1200	10:55
13	1300	1300	1300	11:00
14	1400	1400	1400	11:05
15	1500	1500	1500	11:10
16	1600	1600	1600	11:15
17	1700	1700	1700	11:20
18	1800	1800	1800	11:25
19	1900	1900	1900	11:30
20	2000	2000	2000	11:35
21	2100	2100	2100	11:40
22	2200	2200	2200	11:45
23	2300	2300	2300	11:50
24	2400	2400	2400	11:55
25	2500	2500	2500	12:00
26	2600	2600	2600	12:05
27	2700	2700	2700	12:10
28	2800	2800	2800	12:15
29	2900	2900	2900	12:20
30	3000	3000	3000	12:25
31	3100	3100	3100	12:30
32	3200	3200	3200	12:35
33	3300	3300	3300	12:40
34	3400	3400	3400	12:45
35	3500	3500	3500	12:50
36	3600	3600	3600	12:55
37	3700	3700	3700	1:00
38	3800	3800	3800	1:05
39	3900	3900	3900	1:10
40	4000	4000	4000	1:15
41	4100	4100	4100	1:20
42	4200	4200	4200	1:25
43	4300	4300	4300	1:30
44	4400	4400	4400	1:35
45	4500	4500	4500	1:40
46	4600	4600	4600	1:45
47	4700	4700	4700	1:50
48	4800	4800	4800	1:55
49	4900	4900	4900	2:00
50	5000	5000	5000	2:05
51	5100	5100	5100	2:10
52	5200	5200	5200	2:15
53	5300	5300	5300	2:20
54	5400	5400	5400	2:25
55	5500	5500	5500	2:30
56	5600	5600	5600	2:35
57	5700	5700	5700	2:40
58	5800	5800	5800	2:45
59	5900	5900	5900	2:50
60	6000	6000	6000	2:55
61	6100	6100	6100	3:00
62	6200	6200	6200	3:05
63	6300	6300	6300	3:10
64	6400	6400	6400	3:15
65	6500	6500	6500	3:20
66	6600	6600	6600	3:25
67	6700	6700	6700	3:30
68	6800	6800	6800	3:35
69	6900	6900	6900	3:40
70	7000	7000	7000	3:45
71	7100	7100	7100	3:50
72	7200	7200	7200	3:55
73	7300	7300	7300	4:00
74	7400	7400	7400	4:05
75	7500	7500	7500	4:10
76	7600	7600	7600	4:15
77	7700	7700	7700	4:20
78	7800	7800	7800	4:25
79	7900	7900	7900	4:30
80	8000	8000	8000	4:35
81	8100	8100	8100	4:40
82	8200	8200	8200	4:45
83	8300	8300	8300	4:50
84	8400	8400	8400	4:55
85	8500	8500	8500	5:00
86	8600	8600	8600	5:05
87	8700	8700	8700	5:10
88	8800	8800	8800	5:15
89	8900	8900	8900	5:20
90	9000	9000	9000	5:25
91	9100	9100	9100	5:30
92	9200	9200	9200	5:35
93	9300	9300	9300	5:40
94	9400	9400	9400	5:45
95	9500	9500	9500	5:50
96	9600	9600	9600	5:55
97	9700	9700	9700	6:00
98	9800	9800	9800	6:05
99	9900	9900	9900	6:10
100	10000	10000	10000	6:15

Continuing Care	\$17.25	18.75
Endless Entertainment	\$19.75	7.50
Endless Days	\$19.75	20.75
Endless Nights	\$19.75	8.50
Endless Fun	\$17.25	18.75

FF American	534.53	38.44	-
FF Amer Fund Inc	845.79	48.21	-

Investment Income	\$0.9600	0.9400	8.54	40
Dividend Growth	\$15.4100	18.2200	-	65
Capital Growth	\$8.2400	8.7400	-	47
Current Funds				

WESCO International Limited (w)	28.61	9.00	482
---------------------------------	-------	------	-----

OFFS
INSU

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices: deal 0001 480010 and key in a 5 digit code listed below. Calls are charged at 39p/minute cheap rate and 49p/minute at all other times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 678 4378.

Credit Investment Funds									
Fund Name	ISIN	Unit Price	Change	Assets	Assets	Assets	Assets	Assets	Assets
...
Marshall Lynch Asset Management - Contd.									
...
Albany International Asset Management Ltd									
...
Royal Standard Life Assurance Ltd									
...
CDG International									
...
Global Asset Management - Contd.									
...
Mass International Futures - Contd.									
...
Salvo Futures Fund									
...
OTHER OFFSHORE FUNDS									
...
OFFSHORE INSURANCES									
...

MANAGED FUNDS NOTES

Please see the notes on the inside back cover of this issue for more information on the funds listed in this service. The notes are available on the FT Cityline website at <http://www.ftcityline.com>.

The notes are available on the FT Cityline website at <http://www.ftcityline.com>.

The notes are available on the FT Cityline website at <http://www.ftcityline.com>.

FINANCIAL TIMES MONDAY APRIL 3 1995

INVESTMENT TRUSTS - Cont.

[illegible]

For 2008	72.5	0.7	0.5
For 2009	207	1	1.5
For 2010	117	1.7	0.5

12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00	7:00-7:30	7:30-8:00	8:00-8:30	8:30-9:00	9:00-9:30	9:30-10:00	10:00-10:30	10:30-11:00	11:00-11:30	11:30-12:00	12:00-12:30	12:30-1:00	1:00-1:30	1:30-2:00	2:00-2:30	2:30-3:00	3:00-3:30	3:30-4:00	4:00-4:30	4:30-5:00	5:00-5:30	5:30-6:00	6:00-6:30	6:30-7:00
-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	------------	-------------	-------------	-------------	-------------	-------------	------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

WINTER	20	20	-
Summer House	7	79	-
Summer Day	26	115	12

Company	Shares	Price	% Chg
Group Verano	414	41	-2.26
Verano	10	10	0.00
Verano Bank	10	0.6	0.49
Verano	10	10	0.00
Verano Highway	10	10	5.88
Verano	10	10	0.00
Verano State	10	2.1	2.1
Verano Int'l	10	0.2	0.2
Verano Int'l	10	0.2	0.2
Verano Gov't 1000	10	1.8	1.8
Verano Int'l Bank Co	10	1.07	1.07

Heavy & Same ISS	28	-1.2	-
Warrants	23	-4.2	-

[illegible]

Partitions Ind.	157	1	0.0	D
Warrants	48	21	-	-

Parade French	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2	1.0	M
Parade Japan	1231	3.2		

Warraria	18	-5.2	-	-
Schroder UK Govt	82	1.1	1.5	1.5

[illegible]

Small Con	4	118	4.8	2.76	Apr
Warrants	44	2.3	-	-	
Mkt Con	21	6.7	-	-	

[illegible]

1000

$$C_1 = \frac{1}{2} \left(\frac{1}{2} + \frac{1}{2} \right) = \frac{1}{2}$$

NEW YORK STOCK EXCHANGE

Have you
Financial

Continued on next page

NASDAQ NATIONAL MARKET

4 pm close March 3

Div. E 100s High Low Last Chng

Model	1	2	3	4	5	6
Linear	0.08	16	82	17	1614	-
Fixed	0.20	19	485	256039	203	-
Linear	7	2300	1647	1647	-	-14
Linear	18	3958	12174	204	214	-14
- R -						
Linear	15	1029	1476	151	153	-
Fixed	2	510	34	37	23	-
Linear	1	369	45	43	4.00	-11
Linear	13	558	169	18	183	-12
Linear	14	270	164	162	162	-
Linear	1	76	117	117	111	-
Linear	8	2	34	34	34	-
Linear	55	277	174	174	172	-
Linear	0.80	252718	463	463	46	-15
Linear	4	88	47	47	43	-
Linear	0.80	10	40	34	33	-
Linear	1.40	59	167	423	4473	-
Linear	0.12	15	10	84	84	-0.9
Linear	0.40	6	458	176	176	-
Linear	0.50	18	1558	16	16	-
Linear	0.24	72	194	104	11	-
Linear	27	1150	1313	104	11	-
Linear	0.80	447	193	194	193	-0.9
Linear	0.55	19	1881	204	194	-19
Linear	0.80	17	144	3273	314	314
Linear	11	1347	7	683	64	-
- S -						
Linear	0.98	11	3448	55	5375	544
Linear	0.20	9	82	114	0714	114
Linear	0.34	23	1015	11	284	284
Linear	9	1516	18	188	1811	-
Linear	0.52	12	478	174	174	-18
Linear	2	6082	4535	443	512	-0.9
Linear	1.20	24	52	35	36	-1
Linear	0.18	19	132	18	181	-19
Linear	0.36	5	266	12	12	-
Linear	1.12	10	285	282	283	-0.2
Linear	6	318	1	174	163	-
Linear	6	318	4	312	312	-
Linear	0.22	11	1183	84	84	-
Linear	0.24	24	870	263	264	-0.9
Linear	3	342	6	512	6	-0.9
Linear	13	283	183	164	164	-
Linear	329	620	10	94	94	-
Linear	0.7	3659	253	284	22	-
Linear	0.36	17	1615	364	364	-0.2
Linear	4	189	55	514	514	-
Linear	0.06	13	43	1414	1414	-
Linear	30	2189	283	272	283	-
Linear	0.40	12	666	87	84	-0.9
Linear	1	101	242	233	242	-
Linear	9	193	34	312	312	-
Linear	0.55	18	703	234	234	-
Linear	0.20	20	281	21	204	-1
Linear	0.20	38	1404	94	94	-0.2
Linear	0.40	25	3636	404	404	-
Linear	0.30	12	456	214	212	214
Linear	2	331	1	030	1	-0.2
Linear	41	4355	263	25	263	-
Linear	9	5372	184	184	184	-
Linear	0.72	11	250	174	174	-0.2
Linear	0.14	4	301	114	112	-
Linear	0.20	6	348	55	512	-0.2
Linear	15	21	194	184	183	-1
Linear	1.10	10	35	204184	192	-14
Linear	30	1221	184	184	184	-
Linear	0.30	20	2250	46	454	454
Linear	19	709	164	151	164	-
Linear	0.93	28	2100	233	233	-0.2
Linear	0.84	28	505	184	184	-
Linear	10	34	413	214	22	-
Linear	8	2	22	22	45	-
Linear	13	15323	35	34	24	-
Linear	195	467	104	82	84	-0.4
Linear	17	125	154	151	151	-
Linear	3521	114	24	292	4	-1
Linear	31	3623	184	184	184	-
Linear	0.40	18	124	124	124	-0.2
Linear	12	149	88	71	61	-
Linear	51	246	223	274	224	-
Linear	0.12	41	870	234	24	25
Linear	18	626	174	167	17	17
Linear	50	666	71	67	71	-0.4
- T -						
Linear	4	567	75	21	216	-
Linear	0.64	18	1219	36	353	-0.2
Linear	14	606	101	92	103	-0.2
Linear	0.48	25	195	261	254	263
Linear	100	2929	194	197	184	-
Linear	45	1384	184	184	40	23
Linear	9	1258	225	194	11	-
Linear	17	475	114	11	11	-
Linear	35232633	21	264	21	21	-
Linear	61	2116	614	512	512	-
Linear	36	8337	59	53	594	-
Linear	0.71	67	134	134	134	-

Neurogen	12	280	9 $\frac{1}{2}$	9	8 $\frac{1}{2}$	Thru
New Image	6	77	4 $\frac{1}{4}$	4	4 $\frac{1}{4}$	Tu
Micrograph	19	397	33	32 $\frac{1}{4}$	32 $\frac{3}{4}$	1.1 m

88	1352	1358	1352	44
267	634	634	634	41

2	31	281	5	4%	5%	-1%
Wld	6	285	5	4%	5	
ick	12	45	49	42%	41%	+1%
	45	201	3%	3%	3%	
	25	300	18	10%	19	
1.10	14	178	20%	20	20%	
Lab	0.20	13	1275	1	6%	5%
A	0.04842	1650	14	23%	24%	
- U -						
her	1.00	167830	45	43%	44%	+1%
	34	1419	5%	4%	5%	-1%
de	1.02	13	47	16	15%	-1%
	2.00	22	10414	67%	69%	+1%
Sh	0.40	15	722	14%	16%	+1%
	0.08	16	41	18	17%	-1%
	2.00	138	49%	48%	48%	-1%
exp	2.00	18	1771	26%	26	26%
exp	9	82	6%	6%	6%	-1%
exp	1.12	36	169	10%	10	10%
	14	450	5%	5%	5%	
new	0.50	17	462	81%	81%	-1%
	26	170	3%	4%	2%	-1%
- V -						
nt	0.30	14	250	21	20%	-1%
Cost	97	2568	2242%	24%	22%	-1%
	20	1613	24%	24%	24%	-1%

Intelligence	0.40	13	968	97 $\frac{1}{2}$	95 $\frac{1}{2}$	8 $\frac{1}{2}$	-18	Paranoid	32	255	40-2	38-8	40	+4	
Inter Tel	21	1837	1113	124 $\frac{1}{2}$	124 $\frac{1}{2}$			Psychosis	0.38	38	1055	481-4	451-4	46	+12
								Power Arm	15	28	7	67	7		

		- J -					PlannerSp					Winn	
							0.60	15	589	20 ³ / ₄	20 ³ / ₄	20 ³ / ₄	+ ³ / ₄
							PlannerHill	0.68	15	2912	26 ³ / ₄	35 ³ / ₄	35
							PlannerSt	0.14	11	418	18 ¹ / ₄	11 ¹ / ₄	18 ¹ / ₄
							Plancast	0.20	5	322	8 ¹ / ₄	7 ³ / ₄	8
							Powerl		14	97	6 ¹ / ₄	5 ³ / ₄	+ ³ / ₄
							Pres Life	0.09	5	154	5 ³ / ₄	5 ³ / ₄	5 ³ / ₄

[illegible]

- W -

tech	20	765	5 $\frac{1}{2}$ c	4 $\frac{1}{2}$ g	5 $\frac{1}{2}$ g	+1g	
indA	0.25	15	357	22	20 $\frac{3}{4}$ g	22	+1

PM 0.25 17 1042 22 $\frac{7}{8}$ 21 $\frac{3}{4}$ 22 $\frac{1}{4}$
0 240 14 326 40 $\frac{1}{2}$ 338 $\frac{1}{4}$ 39 $\frac{1}{2}$ 5 $\frac{7}{8}$

One 0.88 9 2616 27³/₈ 27¹/₈ 27¹/₄ -₈

11. Br_2 0.68 11 385 133 $\frac{1}{4}$ 33 $\frac{1}{4}$ 33 $\frac{1}{4}$
 12. 0 271 8 $\frac{3}{4}$ 3 $\frac{1}{2}$ 3 $\frac{1}{2}$ - $\frac{1}{4}$

GA	2	807	115	14 ³ ₈	15	+ ¹ ₈
EMA	49	259	4 ¹ ₄	3 ⁷ ₂	3 ¹² ₁₆	- ¹ ₁₆

1.06	16	1120	54 $\frac{1}{2}$	53 $\frac{3}{4}$	54 $\frac{1}{2}$	+ $\frac{1}{2}$
Monoma	36	4276	25 $\frac{1}{2}$	24 $\frac{5}{8}$	25	- $\frac{1}{2}$

q ₁ L	0.28	9	13	15 $\frac{1}{4}$	14 $\frac{1}{2}$	15 $\frac{1}{4}$	+3 $\frac{1}{2}$
p	0.40	16	16 $\frac{1}{8}$	20	19 $\frac{3}{4}$	19 $\frac{7}{8}$	

Group 0.03	2	191	3/4	03/16	3/16
an-Gdn 0.40	2	608	1/3	7/4	7/2 - 3/4

- X - Y - Z -
72 4876 68 1/2 65 3/4 67 1/2 3/4

Corp	0 7064	1 $\frac{1}{2}$	d1 $\frac{1}{2}$	1 $\frac{1}{2}$	-1 $\frac{1}{2}$
	0 94114 1234	16 $\frac{1}{2}$	0757 $\frac{1}{2}$	16	-1 $\frac{1}{2}$

Rsch	200	491	6 $\frac{1}{4}$	6	6	1 $\frac{1}{2}$
Utah	120	8	21 $\frac{1}{2}$	38 $\frac{1}{2}$	57 $\frac{1}{4}$	37 $\frac{3}{4}$

FT GUIDE TO THE WEEK

MONDAY

3

Turkish-German talks

Erdal İnönü, Turkey's foreign minister, begins a two-day visit to Bonn as part of a diplomatic offensive to counter western criticism of the Turkish army's two week-old incursion into northern Iraq. Germany, traditionally Turkey's closest ally in Europe, is the operation's most vocal opponent.

Talks on fish

Jacques Santer, president of the EU Commission, is expected to meet Emma Bonino, EU commissioner for fisheries, and Sir Leon Brittan, the EU's chief trade negotiator, to review progress in the talks on Canadian and Spanish fishing rights.

Major in Washington

John Major, the UK prime minister, on a trip to Washington to try to patch up the Anglo-American "special relationship" following the recent US visit of Sir Leon Brittan. Major will meet with US Secretary of State Warren Christopher, US Secretary of State, and Alan Greenspan, Federal Reserve chairman. Tomorrow, he meets President Bill Clinton.

Europa rules the air waves

EU culture and communications ministers meet in Luxembourg to consider proposals from the Commission on protecting European airwaves from US domination.

Suharto visits Germany

President Suharto of Indonesia leads a high-level delegation on a five-day visit to Germany. He joins Chancellor Helmut Kohl to open the world's largest industrial fair in Hanover, where Indonesia is the so-called partner country. During talks in Bonn, foreign minister Klaus Kinkel is expected to raise the question of human rights in East Timor, but the visit will focus on closer economic ties.

European Parliament

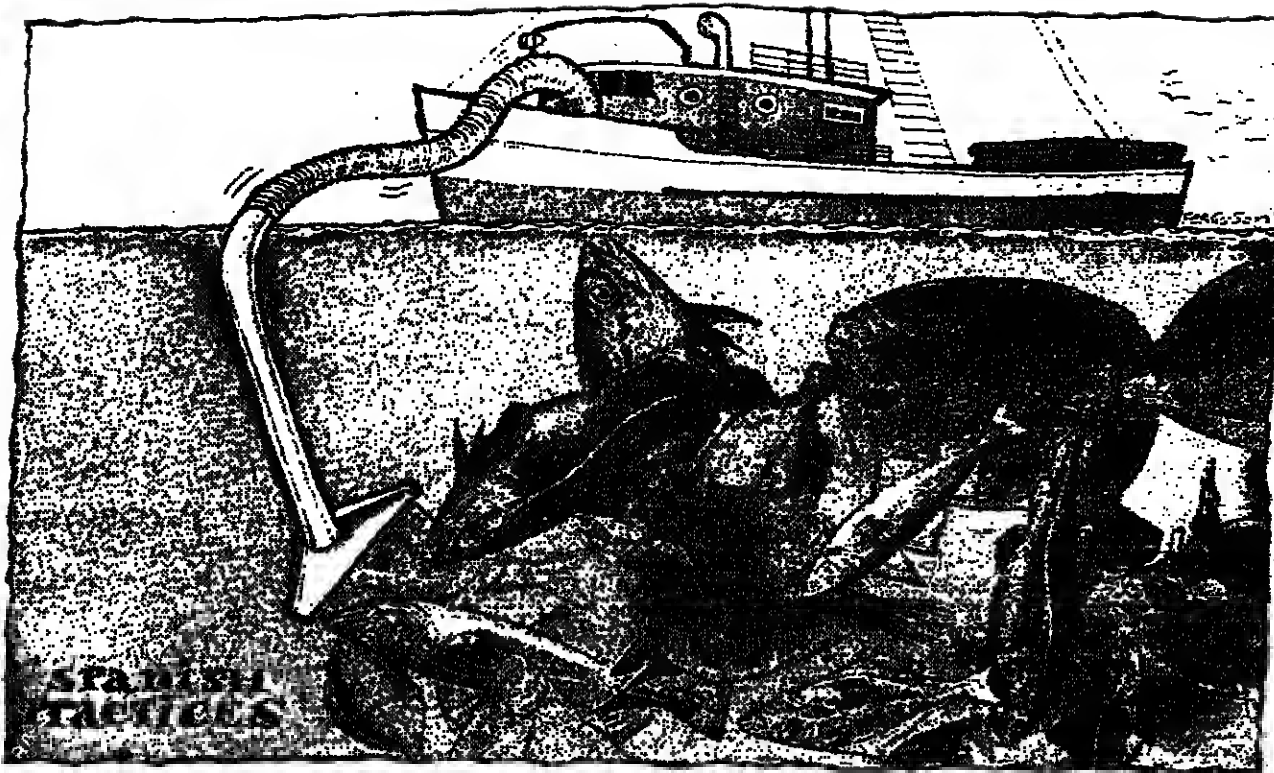
A week-long plenary session begins in Strasbourg.

Job in a bottle

A very Gallic departure in direct marketing kicks off with the launch of a campaign in which 1m wine bottles from the Tarn and Garonne region will carry stickers with details of 1,000 unemployed young French people, including their work experience, the job they would like and their phone number.

Change to UK courts service

The Court Service, until now a branch of the civil service that administers courts in England and Wales, is granted a degree of autonomy as an executive agency, as part of the UK government's "next steps" initiative aimed at boosting efficiency.



Making waves: negotiators poised for a high-level review of progress in talks on Canada's allegation that the Spanish are hoovering up the halibut

TUESDAY

4

EMI due to report

The European Monetary Institute, the Frankfurt-based forerunner of the planned European Union central bank, produces its first annual report, on progress towards economic convergence and its preparations for monetary union.

French election campaign

Presidential contenders have until midnight tonight to file their candidacies. The list of eligible candidates will be published on Friday, the start of the "official" campaign. The first round is on April 23, and the final run-off on May 7.

Carlsson visits Baltics

Swedish prime minister Ingvar Carlsson begins a three-day visit to the Baltic states. The trip, at a time of increasing trade ties, will focus on co-operation and prospects for bringing the Baltics into the European Union.

Latin American development

Finance officials and emerging market bankers from Latin America and elsewhere gather in Jerusalem for the annual meeting of the InterAmerican Development Bank. Discussion will focus on the fall-out from Mexico's crisis. Israel is a member of the bank, which meets every other year outside the Americas.

Slovak leader in Ukraine

Mr Vladimir Medved, the Slovak prime minister, begins a two-day summit in Ukraine. The trip is the first by a Slovak leader to the independent former Soviet republic. Slovak leaders are eager to

exploit its large market for consumer goods.

FT Surveys

Galicia and A-Z of Executive Education.

Holidays

Taiwan.

WEDNESDAY

5

Bhutto visits the US

Pakistan's prime minister Benazir Bhutto arrives in Washington on the first official visit to the US by a Pakistan prime minister in almost five years (to April 14). Close allies during the cold war, the two countries drifted apart after Washington's decision to cut off military and economic aid in 1990 amid concern that Pakistan was producing nuclear weapons.

Eastward-ho!

Günter Rexrodt, the German economics minister, begins an 11-day tour of Vietnam, Malaysia and Indonesia. He is the latest in a succession of German ministers to pitch for business in the region. An Australian parliamentary delegation also begins a seven-day visit to Vietnam. The group was to visit last year, but the trip was cancelled after a member made comments about human rights.

Japanese trade policy

The World Trade Organisation publishes a surprisingly positive report on Japanese trade policy which looks set to provoke a lively debate. Only last week Mickey Kantor, US trade representative, described the Japanese economy as "closed".

Holidays

Australia (Victoria only), Hong Kong, Macan, South Korea, Taiwan.

FT Surveys

Isle of Man and FT Review of Information Technology.

THURSDAY

6

Talks on Macedonia

Greece and Macedonia are due to start direct talks in New York under United Nations auspices on an agreement requiring Greece to lift its 13-month trade blockade of the former Yugoslav republic in return for a Macedonian commitment to changing the emblem (above) on its flag - borrowed from ancient Greece - and dropping any claim on the Greek province of Macedonia. The four-year quarrel over Macedonia's name and flag has damaged both countries' economies and undermined political stability in the southern Balkans.

Strasbourg and the Kurds

The European Parliament session in Strasbourg will debate Turkey's incursion into northern Iraq. Officials warn that the action, taken against Kurdish groups, could jeopardise the parliament's ratification of a customs union agreement between Turkey and the EU later in the year.

Scottish local elections

Today's vote is the first full test of voter intentions in Scotland since the UK's 1992

general election. The newly elected councillors will establish the 29 councils that will replace the existing two-tier system of local authorities from April 1 next year.

Labour is expected to continue its domination of the country's local council map. The Conservative Party, which is trailing badly in the opinion polls, is not expected to win more than three councils.

UK tax year begins

The new tax year begins in the UK and various tax changes implemented in previous Budgets take effect. The Institute of Fiscal Studies estimates that the average family will be £1.88 a week worse off in the coming tax year as a result of increases in indirect taxation and restriction of tax allowances.

FT Survey

Slovenia.

Horse racing

The Grand National, one of the premier events in the UK racing calendar, will be held at the Aintree course, Liverpool.

Holidays

Ethiopia, South Africa (Founders Day), Thailand.

FRIDAY

7

US Congress to adjourn

The US Congress is scheduled for adjournment. Newt Gingrich, house speaker, plans a nationwide address on the achievements of the first 100 days of the Republican Congress, and the aims of the second 100 days.

Belgian parliament rises

Belgium's parliament is due to be dissolved, ahead of the May 21 general election.

US economy

US employment figures are expected to show a slowdown in non-farm employment growth in March after February's surprise 318,000 jump.

Liechtenstein referendum

Liechtenstein's 14,000 adult citizens are expected to vote in a referendum this weekend to ratify agreements made between their Alpine mini-state, Switzerland, and the European Union. The deals enable Liechtenstein to join the European Economic Area and maintain its customs union with Switzerland, a non-EEA member.

Commons recess

The UK House of Commons rises for the Easter recess.

Saleroom

Sotheby's New York auctions of photographs, started 20 years ago, have proved a spectacular success, with the value of prints by star names such as

Edward Weston, Man Ray and Alfred Stieglitz regularly topping \$100,000. Today and tomorrow a big sale includes photographs by these and other great photographers. Christie's comparable auction takes place on Wednesday and Thursday.

FT Survey

Investing in Pakistan.

Holidays

Armenia.

SATURDAY

8

Icelandic general election

Iceland's prime minister David Oddsson is odds on to win, with polls suggesting his centrist Independence Party will strengthen its position as the largest in the Althingi (parliament). Challenging relations with an expanding EU is the chief challenge facing the country. However, a majority of Icelanders oppose membership, mainly because of the fear of the country losing control over its vital fishing industry.

Zimbabwe votes

President Robert Mugabe's ruling Zanu-PF party, which has 147 of the 150 seats in the current parliament, is expected to retain power against a weak and divided opposition in the general election taking place today and tomorrow.

FT Survey

Eating out in Paris (UK editions only).

SUNDAY

9

Peru at the polls

Peruvians vote in presidential and congressional elections, with incumbent head of state Alberto Fujimori expected to romp home ahead of his nearest rival, likely to be Javier Perez de Cuellar, the former United Nations secretary general. Despite his authoritarian style, Mr Fujimori has benefited from rapid economic growth and the big advances made against terrorism. A recent border war with Ecuador has also helped to bolster his popularity.

Local elections in Japan

Japan's nine-month old coalition government faces its biggest electoral test so far when voters go to the polls to select the governors of Tokyo and 12 other prefectures, including Tokyo, Osaka and Hokkaido, as well as assembly members in 44 prefectural assemblies.

Motor racing

The Argentine Grand Prix is run at Buenos Aires.

Compiled by Patrick Stiles and Carol Major. Fax: (+44) (0)171 873 3194.

Other economic news

Monday: Purchasing managers' reports in the UK and US kick off a busy week for statistics on both sides of the Atlantic.

The UK purchasing managers' index for March will be closely watched for signs of inflationary pressures in manufacturing industry, while analysts will search for indications of a slowdown in US output growth.

Tuesday: Growing inflationary pressures in Italy are expected to feed through into faster year-on-year growth of consumer prices in March.

Wednesday: Kenneth Clarke, UK Chancellor, and Mr Eddie George, Bank of England governor, meet to discuss monetary policy amid waning expectations of an interest rate rise following last week's Bundesbank rate cuts and Mr George's description of sterling's recent weakness as a "wobble".

Thursday: March figures are expected to reveal a modest decline in German unemployment. British manufacturing output and industrial production figures for February should show some recovery after January's falls. But year-on-year growth rates are expected to dip below last year's levels.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual	Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	US	Feb personal income	-	0.9%		Germany	Mar short-time, West	-10,000	22,000
April 3	US	Feb pers consumption expenditure	-	0.4%		Germany	Mar unemployment, East	-30,000	2,000
	US	Mar Assn of Purchasing Managers	53.5%	54.5%		UK	Feb manufacturing output*	0.6%	-0.6%
	US	Mar domestic auto sales	6.9m	5.8m		UK	Feb manufacturing output**	3.2%	4.3%
	US	Mar domestic light truck sales	5.9m	5.8m		UK	Feb industrial production*	0.6%	-0.5%
	Japan	Mar auto sales**	-	14.1%	Fri	US	Mar non-farm payrolls	225,000	318,000
	Japan	Mar forex reserves*	-	1.7%	April 7	US	Mar manufacturing payrolls	20,000	27,000
	Japan	Bank of Japan corp services prices**	-	-1.5%		US	Mar hourly earnings	0.2%	0.0%
	Japan	Bank of Japan corp services prices*	-	-0.3%		US	Mar average workweek	-	34.5
	UK	Mar M0*	-	0.5%		US	Mar unemployment rate	5.4%	5.4%
	UK	Mar M0**	-	6.2%		US	Feb consumer credit	6.5%	\$7.6bn
Tues	US	Feb construction spending	-0.4%	-0.2%		France	Jan industrial production†	0.5%	0.8%
April 4	Japan	Mar trade balance, 1st 20 days	-	\$7.2bn		France	Jan manufacturing production†	0.4%	0.9%
	UK	Mar official reserves*	-\$50m	-\$18m		Italy	Jan EU trade balance	10.6Tr	-10.2Tr
	UK	Feb housing starts, 3-month/3month	-	-10.8%					
	Italy	Mar official consumer price index**	4.8%	4.3%					
Wed	US	Feb leading indicators	-0.1%	0.0%					
April 5	US	Feb wholesale trade	-	-1.1%		Germany	Feb import prices*	0.1%	0.5%
	Japan	Feb current a/c, IMF	-	\$12.1bn		Germany	Feb import prices**	2%	2.2%
	Japan	Feb trade balance, IMF	-	13.1bn		Germany	Jan trade balance	DM7bn	DM3.2bn
	Japan	Feb foreign bond investment	-	-\$0.4bn		Germany	Jan current a/c	-DM3.8bn	-DM7.3bn
Thur	US	Feb home completions	-	1.41m		Germany	Mar final cost of living*	-	0.4%
April 6	Germany	Mar unemployment, West†	-8,800	-9,000		Germany	Mar final cost of living**	-	2.4%
	Germany	Mar vacancies, West	10,000	8,000		France	Feb M3†	0.2%	-0.2%
						Italy	Feb M2, 3-month average**	3.2%	1.2%

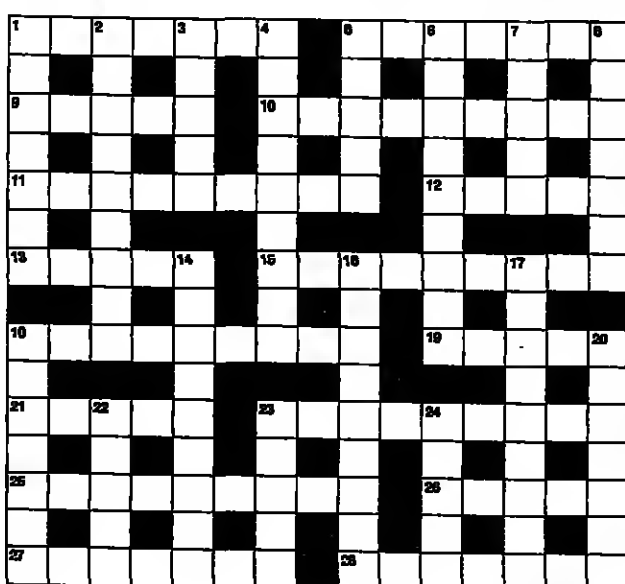
*month on month, **year on year, †seasonally adjusted. Statistics courtesy MMS International.

ACROSS

- A plug for organised sport, including fitness training (7)
- Such craft will work (7)
- Standing to attention before the court (5)
- Top quality, but start deteriorating in the heat (9)
- The deputy head is to rush pay (9)
- Put in order for a large stove (5)
- Quite proper, though blue (5)
- The replacement of western woodland (5,6)
- Foreigners getting their heads together can cause talk (4,7,4)
- Made a record and celebrated (5)
- About a thousand, it appears, relax (5)
- One part is converted to give encouragement (9)
- Confidence man's profession? (9)
- Active, so needs a drink about four (5)
- Catch putting French in the gin (7)
- Keeping the Latin Quarter in view is an artful trick (7)

DOWN

- Extravagant poetry writer? (7)
- To sound respectful in public could be a blunder (9)
- Quietly longing for somewhere to play (5)
- The judge should accept a point many mention (8)
- A bit of a miser generally, and that's material (5)
- Taking so far - not this time anyway (9)
- Field some servicemen become proficient in (5)
- Now despatched beforehand? (7)
- A tart trio employed in a restaurant (9)
- They'll struggle to overcome the opposition (9)
- Involving possibly ten in a bad way (5)
- Offering a suggestion about the queen's residences (7)
- At bottom find running water a nuisance (7)
- Make a request in writing for hides (5)
- Imprison an engineer forging coinage (5)
- Love speed, and so speak out (5)



MONDAY PRIZE CROSSWORD

No.8,727 Set by VIXEN

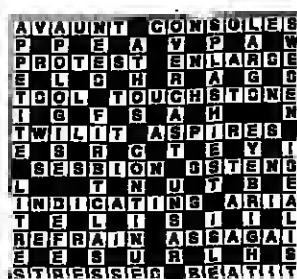
A prize of a Pelikan New Classic 380 fountain pen for the first correct solution opened and five runner-up prizes of £25 Pelikan vouchers will be awarded. Solutions by Thursday April 13, marked Monday Crossword 8,727 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 1TL. Solution on Tuesday April 18. Please allow 21 days for delivery of prizes.

Name _____ Address _____

Winners 8,715

Solution 8,715

Deborah Raymond, London SW19
S. and J. Hawkes, Harnington Wick, Wiltshire
A.D. Hughes, Buckland Monachorum, Devon
Mrs O. Revelt, Chicago, Illinois, USA
R. Stainer, London EC2
J. Tilley, London SE10



IF THE PRICE OF CARS BUILT SINCE 1985 HAD KEPT PACE WITH HEWLETT-PACKARD BUSINESS SERVERS, A NEW 1.6 LITRE FORD ESCORT WOULD NOW COST

£26

New Hewlett-Packard E-Class servers. Incredible price/performance.

Call for our Briefing Document.

Morse Data

Profile West, 950 Great West Road, Brentford, Middx. 0181-232 8000.

MORSE

HEWLETT-PACKARD Corporate Reader

JOTTER PAD

صكنا من الاربع